

# Summit Financial Strategies, Inc.

## Firm Brochure

*This brochure provides information about the qualifications and business practices of Summit Financial Strategies, Inc.. If you have any questions about the contents of this brochure, please contact us at (716) 636-0169 or by email at: [info@summitfinancialstrategies.com](mailto:info@summitfinancialstrategies.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Summit Financial Strategies, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Summit Financial Strategies, Inc.'s CRD number is: 107818*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

There are no material changes in this brochure from the last annual updating amendment of Summit Financial Strategies, Inc. on June 22, 2015. Material changes relate to Summit Financial Strategies, Inc.'s policies, practices or conflicts of interests only.

## Item 3: Table of Contents

### Table of Contents

Item 2: Material Changes.....	i
Item 3: Table of Contents.....	ii
Item 4: Advisory Business .....	1
A. Description of the Advisory Firm .....	1
B. Types of Advisory Services .....	1
Investment Supervisory Services .....	1
Financial Planning .....	1
<i>Selection of Other Advisers</i> .....	2
Services Limited to Specific Types of Investments .....	2
C. Client Tailored Services and Client Imposed Restrictions.....	2
D. Wrap Fee Programs.....	2
E. Amounts Under Management .....	2
Item 5: Fees and Compensation.....	3
A. Fee Schedule .....	3
Investment Supervisory Services Fees.....	3
<i>Selection of Other Advisers: Fees</i> .....	3
Financial Planning Fees .....	3
Fixed Fees.....	3
Hourly Fees .....	4
Selection of Other Advisers: Fees .....	4
B. Payment of Fees.....	4
Payment of Investment Supervisory Fees.....	4
Payment of Financial Planning Fees .....	4
C. Clients Are Responsible For Third Party Fees.....	4
D. Prepayment of Fees .....	4
E. Outside Compensation For the Sale of Securities to Clients.....	5
1. This is a Conflict of Interest .....	5
2. Clients Have the Option to Purchase Recommended Products From Other Brokers .....	5

Item 6: Performance-Based Fees and Side-By-Side Management .....	5
Item 7: Types of Clients .....	5
Minimum Account Size .....	5
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss.....	6
A.    Methods of Analysis and Investment Strategies .....	6
Methods of Analysis.....	6
Fundamental analysis .....	6
Technical analysis.....	6
Investment Strategies .....	6
B.    Material Risks Involved .....	6
Methods of Analysis.....	6
Fundamental analysis .....	6
Technical analysis.....	6
Investment Strategies .....	7
C.    Risks of Specific Securities Utilized.....	7
Item 9: Disciplinary Information.....	7
A.    Criminal or Civil Actions .....	7
B.    Administrative Proceedings.....	7
C.    Self-regulatory Organization (SR) Proceedings.....	7
Item 10: Other Financial Industry Activities and Affiliations.....	7
A.    Registration as a Broker/Dealer or Broker/Dealer Representative .....	7
B.    Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	7
C.    Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests.....	8
D.    Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections .....	8
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
A.    Code of Ethics.....	8
B.    Recommendations Involving Material Financial Interests .....	8
C.    Investing Personal Money in the Same Securities as Clients.....	9
D.    Trading Securities At/Around the Same Time as Clients' Securities .....	9

Item 12: Brokerage Practices .....	9
A. Factors Used to Select Custodians and/or Broker/Dealers.....	9
1. Research and Other Soft-Dollar Benefits.....	9
2. Brokerage for Client Referrals .....	9
3. Clients Directing Which Broker/Dealer/Custodian to Use.....	10
B. Aggregating (Block) Trading for Multiple Client Accounts .....	10
Item 13: Reviews of Accounts .....	10
A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	10
B. Factors That Will Trigger a Non-Periodic Review of Client Accounts.....	10
C. Content and Frequency of Regular Reports Provided to Clients.....	10
Item 14: Client Referrals and Other Compensation.....	11
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes).....	11
B. Compensation to Non – Advisory Personnel for Client Referrals.....	11
Item 15: Custody .....	11
Item 16: Investment Discretion .....	11
Item 17: Voting Client Securities (Proxy Voting) .....	11
Item 18: Financial Information.....	12
A. Balance Sheet .....	12
B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients.....	12
C. Bankruptcy Petitions in Previous Ten Years .....	12

## Item 4: Advisory Business

### A. Description of the Advisory Firm

Summit Financial Strategies, Inc. has been in business since 1987 and the principal owner of this firm is David L. Fadel.

### B. Types of Advisory Services

Summit Financial Strategies, Inc. (hereinafter "SFS") offers the following services to advisory clients:

#### *Investment Supervisory Services*

SFS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SFS creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

SFS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. SFS will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### *Financial Planning*

SFS offers financial planning to their clients that consists of an overall review of clients financial situation, taking into account their goals and objectives and focusing on such areas as: income tax planning, asset management, estate planning, risk management, educational planning, stock option planning, asset protection and retirement. The plan analyzes and recommends ways that the client can achieve their financial objectives. Depending on the client's specific desires and needs, some or all of these areas will be addressed by the plan, which may be presented orally or in writing upon request. These services are based on fixed fees or hourly fees and the final fee structure is documented in the Financial Planning Agreement.

### ***Selection of Other Advisers***

SFS may direct clients to third party money managers. SFS will be compensated via its standard fee schedule as shown in Item 5 of this brochure. The advisors to which SFS directs clients will charge their own separate fee which is disclosed in that advisors ADV 2A and additional paperwork executed through Charles Schwab. Before selecting other advisors for clients, SFS will always ensure those other advisors are properly licensed or registered as an investment advisor.

### ***Services Limited to Specific Types of Investments***

SFS generally limits its investment advice and/or money management to mutual funds. SFS may use other securities as well to help diversify a portfolio when applicable, such as, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, REITs, private placements, and government securities.

### **C. Client Tailored Services and Client Imposed Restrictions**

SFS offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent SFS from properly servicing the client account, or if the restrictions would require SFS to deviate from its standard suite of services, SFS reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. SFS DOES NOT participate in any wrap fee programs.

### **E. Amounts Under Management**

SFS has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$49,145,063.00	\$0.00	June 2016

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
First \$500,000	1.00%
\$500,001 - \$1,000,000	0.75%
Over \$1,000,000	0.50%

These fees are generally not negotiable and the final fee schedule is attached in the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

#### *Selection of Other Advisers: Fees*

SFS may direct clients to third party money managers. SFS will be compensated via the fee schedule above. The third party money manager will charge its own separate fee which is disclosed in that advisers' ADV 2A and separate paperwork executed through Charles Schwab. Before selecting other advisors for clients, SFS will always ensure those other advisors are properly licensed or registered as an investment advisor.

#### *Financial Planning Fees*

##### *Fixed Fees*

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$300 and \$1,500. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. The fees are negotiable and the final fee schedule will be attached in the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.



### ***Hourly Fees***

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is \$150. The fees are negotiable and the final fee schedule will be attached in the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

### ***Selection of Other Advisers: Fees***

SFS may direct clients to third party money managers. SFS will be compensated via a fee share from the advisors to which it directs those clients. This relationship will be disclosed in each contract between SFS and each third party adviser. The fees shared will not exceed any limit imposed by any regulatory agency.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

### ***Payment of Financial Planning Fees***

Hourly Financial Planning fees are paid via check or credit card in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

Fixed Financial Planning fees are paid via check or credit card in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by SFS. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

SFS collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither SFS nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **1. *This is a Conflict of Interest***

SFS and its supervised persons will accept compensation for the sale of securities or other investment products, including asset based sales charges or services fees from the sale of mutual funds to its clients. This presents a conflict of interest and gives the supervised person and SFS an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which SFS receives compensation, SFS will document the conflict of interest in the client file and inform the client of the conflict of interest.

### **2. *Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase SFS recommended products through other brokers or agents that are not affiliated with SFS.

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

SFS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

SFS generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations

### ***Minimum Account Size***

There is no account minimum.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

SFS's methods of analysis include fundamental analysis, technical analysis, and Modern Portfolio Theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

SFS uses a strategy that won the Nobel Prize in 1990 in economics called Modern Portfolio Theory. SFS's goal is to help their clients lower taxes, increase performance, lower investment risks and lower investment costs. SFS is expected to manage the Portfolio in a manner consistent with the client's risk tolerance and in accordance with State and Federal law and the Uniform Prudent Investor Act. As a matter of course, SFS shall keep client apprised of any material changes in the SFS' outlook, recommended investment policy and tactics. In addition, SFS shall meet with client no less than annually (preferably semi-annually) to review and explain the Portfolio's investment results and any related issues. SFS shall also be available for telephone and email communication when needed.

#### *Investment Strategies*

SFS primarily uses long term trading strategies.

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

### B. Material Risks Involved

#### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

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

#### **C. Risks of Specific Securities Utilized**

SFS generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **Item 9: Disciplinary Information**

#### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

#### **B. Administrative Proceedings**

There are no administrative proceedings to report.

#### **C. Self-regulatory Organization (SR) Proceedings**

There are no self-regulatory organization proceedings to report.

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

#### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither SFS nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

#### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SFS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

David L. Fadel is a licensed insurance agent. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. SFS always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of SFS in their capacity as an insurance agent.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

SFS may refer clients to third party money managers available through the custodian Charles Schwab. SFS does not share fees with third party money managers. The third party money manager charges its own separate fee which is disclosed in the other advisors' ADV 2A and separate paperwork executed through Charles Schwab. . SFS will always act in the best interests of the client, including when determining which third party manager to recommend to clients. SFS will ensure that all recommended advisors or managers are licensed or notice filed in the states in which SFS is recommending them to clients.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

SFS does not recommend that clients buy or sell any security in which a related person to SFS or SFS has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SFS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SFS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SFS will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of SFS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SFS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SFS will always transact client's transactions before its own when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. SFS will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

#### ***1. Research and Other Soft-Dollar Benefits***

SFS receives research, products, or other services from its custodian or other third-parties in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that SFS must meet in order to receive free research. There is no incentive for SFS to direct clients to its custodian over other custodians or broker-dealers who offer the same services. However, because this firm does not have to produce or pay for services or products it has an incentive to choose a custodian that provides those services based on its interests rather than the clients' interests. The first consideration when recommending custodians to clients is best execution. SFS always acts in the best interest of the client.

#### ***2. Brokerage for Client Referrals***

SFS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

SFS will not allow clients to direct SFS to use a specific broker-dealer to execute transactions. Clients must use SFS recommended custodian (broker-dealer). By requiring clients to use our specific custodian, SFS may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

#### **B. Aggregating (Block) Trading for Multiple Client Accounts**

SFS maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing SFS the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

#### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by David L. Fadel, President. David L. Fadel is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at SFS are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by David L. Fadel, President. There is only one level of review and that is the total review conducted to create the financial plan.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written report that details the client's account including assets held and asset value which may come from the custodian.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

SFS does not receive any economic benefit, directly or indirectly from any third party for advice rendered to SFS clients.

### **B. Compensation to Non - Advisory Personnel for Client Referrals**

SFS does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

SFS, with Client's written authority, has limited custody of client's assets through direct fee deduction of SFS's Fees only. Constructive custody of all client's assets and holdings is maintained primarily at the Custodian. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

For those client accounts where SFS provides ongoing supervision, the client has given SFS written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides SFS discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

## **Item 17: Voting Client Securities (Proxy Voting)**

SFS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.



## **Item 18: Financial Information**

### **A. Balance Sheet**

SFS does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither SFS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

SFS has not been the subject of a bankruptcy petition in the last ten years.