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## **Form ADV Part 2A**

### **Brochure Cover Page**

Summit Financial Advisors, LLC  
801-58179

109 Baldwin Avenue  
San Mateo, CA 94401

Phone: 650-357-9410  
Email: [info@summit-advisors.com](mailto:info@summit-advisors.com)  
Web: [www.summit-advisors.com](http://www.summit-advisors.com)

Please note that the use of the term "registered investment adviser" and description of Summit Financial Advisors, LLC and/or our associates as "registered" does not imply a certain level of skill or training.

You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

09/20/2017

**This brochure provides information about the qualifications and business practices of Summit Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us [info@summit-advisors.com](mailto:info@summit-advisors.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 Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Form ADV - Material Changes for Part 2A

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### **Summit Financial Advisors, LLC**

#### **LPL's Role with Client PII**

As discussed previously, certain associated persons of SFA are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about SFA clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Rafael O. Velez, III.

#### **Privacy Policy Addition from LPL**

Broker-dealer firms have regulatory requirements to supervise certain SFA activities.

#### **Statement Frequency**

SFA Clients will receive account statements directly from Schwab at least quarterly.

#### **Custody Rule**

Schwab Institutional meets six of seven conditions that the SEC has recently outlined in their Custody Rule. SFA is unable to do any first-party wires or any third-party movements (checks/wires/ACHs) without the client signing an authorization including destination account details.

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### Summit Financial Advisors, LLC (SEC No. 801-58179)

#### Item 4 Advisory Business

Summit Financial Advisors, LLC.

Principal owner(s):

Rafael O. Velez, III

Mark B. Pietrofesa

Established in 1998, A Privately Held Limited Liability Company

Total Assets Under Management:

\$ 189,061,214.50 as of 12/31/2016

\$ 3,407,736.16 are Discretionary Accounts

Types of services provided:

Financial Planning

Investment Supervisory Services

Investment Advice through client consultations

Also provides advice to clients on matters not involving securities

SFA offers investment advisory services for:

(1) A percentage of assets under management

(2) Hourly charges

(3) Fixed Fees

Advisory Business Description:

SFA offers a wide range of advisory services to its clients. These services include review of all aspects of an individual's current financial situation, with emphasis on investment planning, retirement, college funding, capital needs analysis, long term care analysis, income and estate evaluation. To the extent that other services are needed, SFA will assist the individual in those areas in which it is competent to advise. As a follow up, SFA will also coordinate implementation of any recommendations made, including referral to other practicing professionals whose services may be required.

The initial step in the financial planning process involves meeting either the client to define the scope of the engagement. Once defined, the client and SFA will enter into a Financial Planning Agreement, disclosing the terms of the engagement and the fees to be charged.

After the engagement is formalized, the client may be requested to provide SFA with necessary financial information, including information on sources of income, assets owned, liabilities payable, estate planning documents, business agreements, employee benefits, income tax returns, investments, personal and family obligations. In addition the client will be requested to provide financial goals and objectives, both short and long term.

The Investment Adviser Representative ("IA") will set a target date for the anticipated completion of the plan. Upon completion, a personal presentation of the written plan will be made. At this meeting, the client will be provided with recommendations compatible with the established goals and objectives. An implementation schedule will be reviewed to determine which steps will be pursued and with whom those steps can be accomplished. The client is under no obligation to use SFA

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and/or its affiliates and may choose to implement all of the recommendations in any manner, which is expedient, and in the client's best interest.

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

Fees charged for the full financial planning service will be dependent on the anticipated time and complexity of the plan. The fees are determined in advance and disclosed to the client prior to the time the Financial Planning Agreement is executed. Rarely will a fee quoted depart from the established fee schedule but exceptional circumstances may dictate a higher or lower fee.

Specific services and fee amount:

Hourly fees for plan development or consultation -- \$250

Fixed fees for plans will be between \$1,000 and \$10,000.

Asset Management Services:

Summit Private Account ("SPA")

A fee-based account held by Schwab Institutional ("SI") in which the client is provided with ongoing investment advice and monitoring of securities holdings. Minimum Investment: \$25,000

The IA will manage the SPA account on a non-discretionary basis, according to the client's objectives. Listed securities are subject to transaction charges. Mutual funds may or may not have transaction charges. Annual fees range from .50% - 2.00% paid in arrears. A full description of fees and services is provided in the Investment Advisory Agreement, which is required to open an account.

SF Portfolio Strategies ("SFPS")

Through Institutional Intelligent Portfolios (the "Program"), an automated investment management service sponsored by Schwab Wealth Investment Advisory, Inc. ("SWIA"), Summit Financial Advisors, LLC ("SFA") opens a brokerage account at Charles Schwab & Co., Inc. ("CS&Co"). Through the Program, SFA selects investment strategies on behalf of their clients that consist of diversified portfolios of ETFs and an allocation of cash in a single account that is managed on a discretionary basis by SFA.

The Program is provided online through an interactive website and mobile application. Clients are asked a series of questions to determine their investment risk profile and receive a recommended strategy from SFA based on their answers. Through the Program, SFA provides their clients with a range of investment strategies. Each investment strategy consists of a diversified portfolio of exchange-traded funds ("ETFs") and a cash allocation. SFA has contracted with SWIA to provide them with the technology platform and related trading and account management services for the Program. This platform enables SFA to make the Program available to clients online and includes a system that automates certain key parts of SFA's investment process, such as determining the client's investment objectives, risk tolerance, an appropriate investment strategy and managing the client's portfolio through automated rebalancing. The system will rebalance a client's Program account periodically, or when the percentage allocation of an ETF varies by a set amount agreed to by SWIA and SFA.

Clients must maintain a minimum balance of \$5,000 to receive rebalancing. Tax-loss harvesting is

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an optional service. A minimum balance of \$50,000 is required for clients to request SFA employ a tax-loss harvesting strategy. Accounts below \$40,000 must return to \$50,000 to maintain tax-loss harvesting.

### Advisory Managers and Programs ("AMP")

SFA may recommend other Investment Managers and Advisory Services through certain programs sponsored by LPL Financial Corporation (LPL), a registered investment advisor and broker-dealer as well as other LPL approved third party investment managers. SFA will access the suitability of the investment manager and/or program, based on the client's investment objectives, risk tolerance and total investment strategy. In these cases, SFA will facilitate the necessary account opening documentation including the investment manager advisory agreement. The SFA fee schedule will range from .50% - 1.25%. LPL charges fees quarterly, in advance, based upon the ending market value of the account on the last day of the calendar quarter. The investment manager and/or program will be responsible for investment supervision on a discretionary basis and will bill the client directly for its advisory services. Fees and account minimums will vary based on the selected program and/or manager. A full description of fees will be provided in the Account Opening Documents and Advisory Agreement, which are required to open an account.

Potential conflicts of interest may arise as associated persons of SFA may also be registered representatives of LPL. The advisor can receive compensation as a result of a client's participation in an LPL program. A client may be subject to fees greater than would be if the client participated in other comparable programs or paid separately for investment advice, brokerage and other services.

### Fiduciary Consulting ("FC"):

SFA provides ongoing consulting services including investment advice and monitoring with respect to securities holdings held at a custodian of the clients choosing. SFA will retain its responsibility for risk assessment, suitability, asset allocation, investment strategy, manager review and bill the client directly for its services. The client retains the responsibility of custody, providing client reports, best execution analysis and billing. The fee schedule for the program range is an annual flat fee of no more than \$500 and an asset-based fee from .25% - 1.00% per annum. Fees are subject to reduction based on the size of the account and the nature of the services provided. Fees are paid quarterly in arrears based upon the ending market value of the account on the last day of the previous calendar quarter.

### Additional Services:

SFA, from time to time may issue special reports, charts, graphs, etc., to clients. It may also offer investment advice in matters not described above. It may also recommend clients utilize independent asset allocation services. Fees for such services are detailed in the disclosure documents provided to the client.

Clients may terminate the agreement within the first five (5) days and any fees charged will be refunded. Otherwise, clients can obtain a refund of any unearned fees and may terminate an agreement by notifying in writing the cancellation of the agreement to:

Summit Financial Advisors, LLC  
109 Baldwin Avenue  
San Mateo, California 94401

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All above quoted fees can be negotiated within the stated range, however exceptional circumstances may dictate deviation from the set range. SFA reserves the right to waive any fee or portion thereof.

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

SFA , nor any of its supervised persons, accept performance based fees.

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

SFA's primary type of client that it provides investment advice to includes:

- Individuals

- Pensions and Profit Sharing Plans

- Trusts, estates, or charitable organizations

- Corporations, or business entities other than those listed above

SFA does impose a minimum dollar value of assets or account size restrictions as noted in SFA's Fee Schedule for the Summit Private Account ("SPA") -- Minimum Investment: \$250,000.

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

A. SFA's methods of analysis and investment strategies used in formulating investment advice or managing assets:

The firm employs fundamental analysis, with cyclical considerations across a wide range of asset classes including fixed income, equities, real estate and alternative investments.

The main sources of information that SFA uses includes:

- Research material prepared by others

- Corporate rating services

- Annual Reports, prospectuses, filings with the Securities and Exchange Commission

The investment strategies SFA uses to implement and investment advice given to its clients include:

- Long Term Purchases (securities held at least a year)

- Short Term Purchases (securities sold within a year)

Risk of Loss is inherent when investing in securities. Clients should be prepared to bear not just market risk, but other types of risk such as credit risk, business risk, opportunity risk, and regulatory risk as well.

B. SFA's investment strategies or methods of analysis used and the Risks:

The investment process begins with a thorough examination of the clients risk tolerance, investment experience and time horizon. Client portfolios will be designed oriented around the specific client requirements of: 1) Preservation of Capital, 2) Income Strategies, or 3) Growth. Consistent with the suitability of the clients objective, a global portfolio strategy is implemented diversified by asset class, investment style and investment manager.

We attempt to mitigate risk through proper diversification, disciplined security selection and utilizing managers with a similar methodology. Clients may also restrict their portfolio selections by asset

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class, industry or individual company exposure.

C. Types of Investments SFA offers advice on:

Equity Securities:

- (1) Exchange listed securities
- (2) Securities traded over-the-counter
- (3) Corporate debt securities (other than commercial paper)
- (4) Commercial paper
- (5) Certificates of deposit
- (6) Municipal securities
- (7) Investment company securities:
  - (a) mutual fund shares
- (8) United States government securities
- (9) Alternative investments:
  - (a) Real Estate Investment Trusts

Risk of Loss:

The most identifiable risk is the loss of principal when using certain types of investments within client portfolios. These investments include the Equity Securities, Corporate Debt securities, Municipal securities, and mutual funds which carry more risk than the Certificates of Deposit and United States government securities.

### **Item 9 Disciplinary Information**

SFA has no legal or disciplinary events that are material to a client's or prospective client's evaluation of SFA's advisory business, or the integrity of SFA's management.

SFA has no material facts regarding any legal or disciplinary events to disclose.

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

The principal business of SFA does include Variable Life Insurance, Variable Annuities, and related business activities other than investment advice to its clients. IA's are Registered Representatives of LPL Financial Services, Inc. ("LPL") and are licensed agents for numerous insurance companies. Approximately 1% of their time is spent in this capacity. As LPL representatives, we also provide brokerage/commission-based accounts to best suit some of SFA's clients. Approximately 1% of their time is spent in this capacity. There are no other Financial Industry Activities or Affiliations. SFA or any related person(s) are not a general partner in any partnerships in which clients are solicited to invest.

As discussed previously, certain associated persons of SFA are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (ie. financial information, investment objectives, transactions and holdings) about SFA's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Rafael O. Velez, III.



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

Summit Financial Advisors, LLC (SFA), policies and practices place the interests of the client above any benefit to itself or any of its employees. The firm seeks to achieve growth through the expansion of its client base and the expected accomplishment of defined client goals, given existing economic conditions. In acknowledgment that the greatest sustainable environment of success for SFA and its employees lies in providing excellence in personal attention, investment advice, product selection and customer service, SFA hereby adopts the following code of ethics.

#### Investment Adviser Code of Ethics:

Acknowledging that the greatest sustainable environment for the success of SFA and its employees lies in attaining excellence in personal attention, investment advice, product selection and customer service, SFA has adopted a code of ethics to support its commitment and fiduciary responsibilities to its clients. The code mandates a high standard of business conduct from the firm as an entity and from each of its employees individually. The expectation of the firm is that each employee understands and complies with all applicable state and federal laws and supports SFA's regulatory requirements by adherence to stated policies and procedures. SFA will provide a copy of our code of ethics to any client or prospective client upon request.

#### Standard of Business Conduct:

SFA, in its capacity as a fiduciary for clients and their assets, mandates a high standard of business conduct from the firm as an entity, and each of its employees individually. The expectation of the firm is that each employee understands and complies with all applicable state and federal laws, and supports SFA's regulatory requirements by adherence to the stated policies and procedures. Continued employment with SFA is dependent on satisfactory compliance with this requirement.

#### Personal Securities Trading:

SFA's policy allows employees to maintain personal securities accounts provided any personal investing by an employee in any accounts in which the employee has a beneficial interest, including any account for any immediate family or household members, is consistent with SFA's fiduciary duty to its clients and consistent with regulatory requirements.

Each employee must identify any personal investment accounts in an annual holdings summary, and report all reportable transactions and investment activity on at least a quarterly basis to the firm's Compliance Officer, or other designated officer.

Any employee wishing to acquire a direct or indirect beneficial interest in an Initial Public Offering or Limited Offer must obtain a pre-investment clearance from the firm's Compliance Officer to ensure no conflict of interest is present.

Personal trading and reporting procedures are outlined in the SFA Compliance Manual.

#### Reporting Violations:

SFA depends on the professionalism of its employees to abide by the code. Any violation, or

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suspected violation, of the Code of Ethics is to be reported to Rafael O. Velez, III immediately.

### Acknowledgment of Receipt of the Code of Ethics:

SFA requires that each employee acknowledge in writing, the receipt of the Code of Ethics, including any amendments. This acknowledgment will remain in the employee's file for the length of his or her employment plus five years.

### Adviser Review and Enforcement:

Rafael O. Velez, III is responsible for the maintenance and enforcement of the code of ethics. Pursuant to these duties is a periodic review of all employees' securities reports.

### Record Keeping:

SFA will maintain records of all employee's securities reports, documentation of reviews and any violation reports to the code, for a period of five years, as of the end of the fiscal year in which the reports pertain. Records of employee acknowledgments will be retained for the length of employment plus five years.

### Form ADV disclosure:

SFA will disclose on its Form ADV, Part II a summary of its Code of Ethics and offer a copy of the full code, upon request, to any interested party.

### Proprietary Interest in Client Transactions:

SFA does not participate in principal transactions in which securities are bought by SFA or any related person from advisory clients, or sold to its own advisory clients.

SFA and any other related person may buy or sell the same securities that SFA also recommends to its advisory clients. If the possibility of a conflict of interest occurs, the client's interests will prevail. As the situation may cause a conflict of interest, SFA has established the following restrictions in order to meet its fiduciary obligations:

- (1) Affiliated persons of SFA shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No such affiliated person shall prefer his or her own interest to that of the advisory client.
- (2) SFA maintains a list of all securities holdings, for itself or anyone affiliated with the advisory practice. These holdings are reviewed on a regular basis by the Chief Compliance Officer.
- (3) SFA requires that all affiliated persons act in accordance with all applicable Federal and State regulations governing registered investment advisers.
- (4) Any individual not in observance of the above requirements may be subject to termination.

### Sales Interest in Client Transactions:

SFA does not participate in agency cross transactions where SFA or any related person as a registered representative of a broker-dealer, execute trades for brokerage customers in which advisory client securities are sold to or bought from the brokerage customer.

SFA does not recommend purchase of securities to advisory clients for which SFA or any related

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person serves as underwriter, general or managing partner, or purchaser representative.

SFA does not recommend the purchase or sale of securities to advisory clients for which SFA or any related person has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer).

General Policy of Dealing with Conflicts of Interest:

SFA's general policy for dealing with conflicts of interest with its advisory clients:

- (1) Disclose any potential conflicts of interest prior to entering into an advisory agreement with the client, or providing any advisory services.
- (2) Abstain from the activity all together.
- (3) Refer to a professional whose expertise is recommended for those types of circumstances.

Summit Financial Advisors, LLC Privacy Policy:

At SFA, an independent financial planning and asset management firm, we value your business and want to let you know where we stand on a crucial topic: customer information and privacy. We are committed to safeguarding the confidential information of each of our clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services we provide. Our policy with respect to personal information about you is contained in our privacy policy below.

Summit Financial Advisors, LLC Privacy Policy Statement:

(a) SFA Collects nonpublic personal information about our clients from the following sources:

- Information received from clients applications and other forms;
- Information about clients' transactions with SFA, it affiliates or others;
- Information received from consumer reporting agencies;

(b) Does not disclose any nonpublic personal information about our clients or former clients to anyone except permitted or required by law;

(c) Restricts access to material nonpublic personal information about its clients to our employees who need to know that information to provide services and only to nonaffiliated parties as permitted by law. Broker-dealer firms have regulatory requirements to supervise certain SFA activities. (For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf; or so that our firm can discuss your financial situation with your accountant or attorney);

(d) Maintains physical, electronic and procedural safeguards that comply with federal standards to guard our clients' personal information.

(e) Document Management & Storage: SFA Client files are stored at the main office. Archived files are at offsite storage with Iron Mountain. For the protection of our client's information, document shredding is done on-site at the main office.

Client Data & System Files Disaster Recovery Plan:

SFA has implemented, as part of its Enterprise Risk Management, a Disaster Recovery Plan. This utilizes a data protection software called IBackup online system backup. Client Data and System files are backed up to offsite/cloud servers maintained by Dropbox and/or IBackup, a division of Pro Softnet Corporation.

### **Item 12 Brokerage Practices**

When recommending brokers for the execution of securities transactions, SFA bases its selection on the total suite of services provided not merely the lowest commission charged. Also, it is SFA's policy for its Advisers:

- (1) not to accept "soft dollar" benefits as part of recommending brokers for the execution of securities transactions, and has no disclosures of soft dollar benefits received by any of its advisers;
- (2) not to use Trade Aggregation as part of its brokerage practices, and continues not to implement this requirement;
- (3) not to recommend, request or require that a client directs us to use a specified broker-dealer; and
- (4) not to receive client referrals from a broker-dealer or third party.

Summit Financial Advisors, LLC Best Execution Policy:

As an investment advisory firm, SFA has a fiduciary duty to seek best execution for client transactions. SFA, as a matter of policy and practice, seeks to obtain best execution for client transactions, i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

The philosophy behind this best execution policy is one that is consistent with a long term buy and hold strategy that the firm employs on the whole. The relative cost of a security transaction is minimal if the security traded is maintained in a client account for a significant period of time. The selection of a security and subsequent execution of the trade is greatly improved by the quality of research and brokerage services provided. Therefore, SFA believes that its clients are best served by brokers that provide a wide range of services, including quality executions, at a reasonable cost but not necessarily the lowest cost.

Summit Financial Advisors, LLC Trade Error Policy:

If a trading error occurs in the placement, execution or settlement of a client's trade, SFA will correct the error as soon as it is discovered. If a trade correction (ie. cancellation of trade, adjusting an allocation) is done after the settlement of the trade, the team will work with the custodian to make the client 'whole' if losses from trading errors occur. If the trade error results in a profit, the client will keep the proceeds.

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

Financial planning clients can receive 1-2 meetings per year. Items covered include cash flow, risk management, investments, income taxes, retirement and estate issues. Clients are encouraged to contact their adviser for any reason throughout the year especially for major life events such as marriage, divorce, job loss et al.

Asset management clients can receive 1-2 meetings per year. Items covered include investment

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objectives, time frame, risk tolerance, tax situation, income requirements, portfolio analysis and performance evaluation. Amendments such as exiting or initiating positions may also be discussed. Clients are encouraged to contact their adviser for any reason throughout the year.

SFA Clients will receive a monthly statement directly from the custodian of their account, Schwab Institutional. Clients have the responsibility to review their monthly statements from their respective custodians and should any discrepancies arise notify their IAR immediately. SFA has adopted strict reconciliation procedures for accurate financial reporting and quality control of its reporting data as part of the firm's compliance program and when resolving client inquiries regarding their account performance.

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

SFA or any related person does not directly or indirectly compensate any person for client referrals.

### **Item 15 Custody**

Schwab Institutional, a division of Charles Schwab & Co., Inc. is the current custodian of SFA. SFA recommends that clients establish brokerage accounts with a qualified custodian for maintaining custody of client's assets and to effect trades for their accounts.

SFA is independently owned and operated and not affiliated with these custodians which provide SFA access to their institutional trading and custody services, which are typically not available to retail investors. These services generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as SFA maintains a minimum level of assets but are not otherwise contingent upon the advisor committing any specific amount of business (assets or trading). These custodians services include custody, brokerage, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For SFA's client accounts maintained by these custodians and brokers, they generally do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through or that settle into brokerage accounts. SFA Clients will receive account statements directly from Schwab at least quarterly. SFA highly recommends to it's clients that they carefully review the account statements received from the qualified custodian. Should any discrepancies occur between the custodian, RIA, or client, SFA has established written reconciliation procedures as part of our compliance policies, procedures, and operations.

Schwab Institutional meets six of seven conditions that the SEC has recently outlined in their Custody Rule. SFA is unable to do any first-party wires or any third-party movements (checks/wires/ACHs) without the client signing an authorization including destination account details.

Custodians or brokers also make available to SFA other products and services that benefit SFA but may not benefit its clients' accounts. Some of these other products and services assist SFA in

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managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of SFA's fees from its clients' accounts; and assist with back-office functions, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of SFA's accounts and are intended to help SFA manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, custodians and brokers may make available, arrange and/or pay for these types of services rendered to SFA by independent third parties.

Custodians and brokers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to SFA. While as a fiduciary, SFA endeavors to act in its clients' best interests, and SFA's recommendation that clients maintain their assets in accounts at certain custodians and brokers may be based in part on the benefit to SFA of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodians and brokers which may create a potential conflict of interest.

### **Item 16 Investment Discretion**

SFA or any related person may exercise its discretionary authority to determine the securities to be bought or sold, and the amount of securities to be bought or sold for a client's account. SFA does not have discretionary authority to determine the brokers or dealers to be used for a purchase or sale of securities, or commission rates to be paid to a broker dealer for a client's securities transactions. SFA does recommend brokers or dealers to its clients, and may receive research or other products or services other than execution from a broker dealer or a third party in connection with client securities transactions.

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

When acting with respect to corporate actions for clients, SFA's utmost concern is that all decisions be made in the exclusive best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA.) SFA will act in a prudent and diligent manner intended to enhance the economic value of the assets in the clients account.

Notwithstanding the foregoing, SFA has adopted the policy that it will not accept voting authority, over what are commonly known in the securities industry as "proxy statements", which typically relate to matters of corporate governance. The distinction of whether a communication from an issuer qualifies as (i) a corporate reorganization or other corporate action, (ii) a proxy statement is determined by the issuer not SFA or the custodian. SFA's clients may receive these proxies or other client solicitations directly from the issuer by either US Mail or by e-mail.

### **Item 18 Financial Information**

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A. Net Market Value as of 12/31/2016:

Non-Discretionary Accounts

\$ 185,653,478.34

Discretionary Accounts

\$ 3,407,736.16

Total Regulatory Assets Under Management

\$ 189,061,214.50

B. Prepayment of fees & Financial Information disclosure:

(1) SFA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

(2) SFA has no information to disclose relating to its financial condition that would impair the firm's ability to meet its contractual commitments to clients.

C. Bankruptcy Disclosure(s):

SFA nor any of its Investment Adviser Representatives have been the subject of a bankruptcy petition at any time during the past ten years, or any pending bankruptcy petitions at this time.

## **Form ADV - Part 2B**

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### **Summit Financial Advisors, LLC**

Form ADV Part 2B

Brochure Supplement

Rafael Orlando Velez III

109 Baldwin Avenue  
San Mateo, CA 94401

Phone: 650 357-9410

Date: 03/21/2017

This brochure supplement provides information about Rafael Orlando Velez III that supplements the Summit Financial Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Rafael O. Velez, III if you did not receive Summit Financial Advisors, LLC's brochure or if you have any questions about the contents of this supplement.



**Summit Financial Advisors, LLC**

**Item 2 Educational Background and Business Experience**

Rafael O. Velez III  
Managing Director and Principal  
Date of Birth: September 7, 1968

Formal Education:  
Menlo College  
Business Administration Major  
Degree received: Bachelor of Sciences 1991

Business Background (preceding five years to present):  
Managing Director, Chief Compliance Officer, Investment Adviser Representative at Summit Financial Advisors LLC

Professional Designations:  
AIF® - The Accredited Investment Fiduciary designation demonstrates that a certificant has gained advanced training and competency in the subject of fiduciary responsibility. AIF® designees must complete a specialized program on investment fiduciary standards, then subsequently pass a comprehensive examination.

**Item 3 Disciplinary Information**

No Disciplinary Information or Events to Disclose.

**Item 4 Other Business Activities**

Rafael Velez is a Registered Principal and Registered Representative of LPL Financial Services, Inc. The business relationship is designed as a hybridized financial services firm with access to both sides of the firm's businesses as a Registered Representative of a broker dealer, and the primary business as a Registered Investment Advisory practice. Due to the hybrid model that the firm has adopted as part of its business practices, a material conflict of interest with clients may exist when recommending or advising clients to purchase products that offer a commission, bonus, or other compensation to the IAR and also a fee for management services. Should a conflict of this nature arise the firm has a strict policy for its advisors to disclose that the advisor will be compensated with a commission, bonus, or other compensation based on the sale of securities or other investment products as a registered representative of LPL Financial Inc., and the client will not have to compensate the advisor for any investment advisory fees on those products. This includes distribution or services ("Trail") fees from the sale of mutual funds, or commissions directly from Investment Companies, Variable Annuities, Life Insurance, or other variable contracts offered by Life Insurance Companies. The firm's current Broker Dealer business is not a substantial part of its overall business, and accounts for less than 5% of the advisors time and compensation. Summit Financial Advisors LLC continues to offer products to its clients that are only available through the broker dealer channel, and does not take into consideration when advising clients the commission

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available from the broker dealer, but the needs of the client.

Rafael also is an acting licensed insurance agent providing insurance and non-securities related investment products and services using Term Life, Fixed annuities, and Long Term Care. This is not a substantial part of Rafael's time or compensation, and receives a majority of his compensation from his fees as an Investment Adviser Representative with Summit Financial Advisors.

Rafael Velez is an equal partner of VP Baldwin Partners LLC. This limited liability company was formed by Rafael Velez and Mark Pietrofesa in 2012 to facilitate the purchase and financing of 109 Baldwin Avenue in San Mateo, their current office space.

Rafael has recently taken an advisory position on the Advisory Board of Regents for (his childrens') St. Vincent's High School in Petaluma, CA. He does not receive any compensation for this position. He spends less than 1% of his time with this activity.

### **Item 5 Additional Compensation**

No Additional Compensation to disclose.

### **Item 6 Supervision**

Rafael O. Velez III, Investment Adviser Representative, Managing Director, and Principal of Summit Financial Advisors LLC, is directly responsible for his own supervision and the supervision of his Investment Adviser Representatives.

Rafael routinely conducts compliance meetings and submits all required documentation to help facilitate audits of the firm's records for compliance and regulatory accuracy.

Rafael is required to adhere to the compliance policies and procedures set forth in the firm's compliance manual which is readily available to all advisors for review at any time. In addition, Summit Financial Advisors LLC uses compliance approved financial planning and accounting software, and is the primary planning tool for its advisors. This software tool makes the supervision of advisory services easy to manage and utilized correctly is an effective tool for prudent portfolio recommendations to the client.

Rafael's advice that he provides as an Investment Adviser Representative to his clients are personally reviewed before recommendations are presented to the client. Rafael, as the Compliance Officer for Summit Financial Advisors LLC, is responsible for ongoing monitoring of his own advisory activities and the activities of his advisors. Such activities include incoming and outgoing correspondence, the use of social media web sites, and the use of laptops or other personal Devices for Business Communications.

Rafael and his advisors are held to highest standard of business practices in the industry, and

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continue to maintain all licenses and designations through their continuing education.

Compliance Officer Information:

Rafael O. Velez, III Managing Director

(650) 357-9410

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### Summit Financial Advisors, LLC

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Brochure Supplement

Mark Bryan Pietrofesa

109 Baldwin Avenue  
San Mateo, Ca 94401

Phone: 650 357-9410

This brochure supplement provides information about Mark Bryan Pietrofesa that supplements the Summit Financial Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Rafael O. Velez, III if you did not receive Summit Financial Advisors, LLC's brochure or if you have any questions about the contents of this supplement.

**Summit Financial Advisors, LLC**

**Item 2 Educational Background and Business Experience**

Mark Bryan Pietrofesa  
Date of Birth: April 5 1966

Formal Education:  
University of Minnesota  
Business Major  
Bachelor of Sciences Degree received Dec. 1988

Business Background: (for the past five years to present)  
Investment Adviser Representative - Summit Financial Advisors, LLC

Professional Designations held:  
CFP® certification  
CERTIFIED FINANCIAL PLANNER™ certification (800-487-1497)  
The CFP®, CERTIFIED FINANCIAL PLANNER™ and certification marks are financial planning credentials awarded by Certified Financial Planner Board of Standards Inc. (CFP Board) to individuals who meet education, examination, experience and ethics requirements.

**Item 3 Disciplinary Information**

No Events to Disclose.

**Item 4 Other Business Activities**

Mark Pietrofesa is a Registered Representative of LPL Financial Services, Inc. The business relationship is designed as a hybridized financial services firm with access to both sides of the firm's businesses as a Registered Representative of a broker dealer, and the primary business as a Registered Investment Advisory practice. Due to the hybrid model that the firm has adopted as part of its business practices, a material conflict of interest with clients may exist when recommending or advising clients to purchase products that offer a commission, bonus, or other compensation to the IAR and also a fee for management services. Should a conflict of this nature arise the firm has a strict policy for it's advisors to disclose that the advisor will be compensated with a commission, bonus, or other compensation based on the sale of securities or other investment products as a registered representative of LPL Financial Inc., and the client will not have to compensate the advisor for any investment advisory fees on those products. This includes distribution or services ("Trail") fees from the sale of mutual funds, or commissions directly from Investment Companies, Variable Annuities, Life Insurance, or other variable contracts offered by Life Insurance Companies. The firm's current Broker Dealer business is not a substantial part of its overall business, and accounts for less than 5% of the advisors time and compensation. Summit Financial Advisors LLC continues to offer products to its clients that are only available through the broker dealer channel, and does not take into consideration when advising clients the commission available from the broker dealer, but the needs of the client.

Mark also is an acting licensed insurance agent providing insurance and non-securities related investment products and services using Term Life, Fixed annuities, and Long Term Care. This is not a substantial part of Mark's time or compensation, and receives a majority of his compensation from his fees as an Investment Adviser Representative with Summit Financial Advisors.

Mark Pietrofesa is an equal partner of VP Baldwin Partners LLC. This limited liability company was formed by Rafael Velez and Mark Pietrofesa in 2012 to facilitate the purchase and financing of 109 Baldwin Avenue in San Mateo, their current office space.

Mark actively owns and rents or leases his own properties. This activity accounts for less than 1% of his overall time during market hours and is not a major source of his overall income.

**Item 5 Additional Compensation**

No Additional Compensation to disclose.

**Item 6 Supervision**

Mark Pietrofesa, Investment Adviser Representative of Summit Financial Advisors LLC, is supervised by the acting Managing Director and Principal, Rafael O. Velez.

Mark routinely attends compliance meetings and submits all required documentation to help facilitate audits of the firm's records for compliance and regulatory accuracy.

Mark is required to adhere to the compliance policies and procedures set forth in the firm's compliance manual which is readily available to all advisors for review at any time. In addition, Summit Financial Advisors LLC uses compliance approved financial planning and accounting software, and is the primary planning tool for its advisors. This software tool makes the supervision of Mark's advisory services easy to manage and utilized correctly is an effective tool for prudent portfolio recommendations to the client.

Mark's advice that he provides as an Investment Adviser Representative to his clients are routinely reviewed by Rafael O. Velez, Managing Director and Principal of Summit Financial Advisors LLC and is also responsible for ongoing monitoring of Mark's advisory activities. Such activities include incoming and outgoing correspondence, the use of social media web sites, and the use of laptops or other personal Devices for Business Communications.

Mark is held to highest standard of business practices in the industry, and continues to maintain all licenses and designations through his continuing education.

Compliance Officer Information:

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Rafael O. Velez, III Managing Director  
(650) 357-9410