

**Item 1: Cover Page**



**Hogan Financial Management, LLC, d/b/a/ PaulaHogan**

SEC File No. 801-60612

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**Firm Brochure  
(Part 2A of Form ADV)**

This brochure provides information about the qualifications and business practices of Hogan Financial Management, LLC, d/b/a PaulaHogan ("PaulaHogan"). If you have any questions about this information, please contact us at 414-352-9111 or by email at [info@paulahogan.com](mailto:info@paulahogan.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 our firm is available on the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 20, 2017

**Item 2: Material Changes**

There have been no material changes to this ADV Part 2A, Firm Brochure since the March 30, 2016 annual update filing.

You can download a copy of this brochure from the SEC website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can also contact our Chief Compliance Officer, Paula Hogan, at 414-352-9111 or at [info@paulahogan.com](mailto:info@paulahogan.com) to request a copy of our Brochure at no charge to you.

**Item 3: Table of Contents**

Item 1: Cover Page .....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	2
Item 4: Advisory Business .....	3
Item 5: Fees and Compensation .....	7
Item 6: Performance-Based Fees and Side-by-Side Management .....	9
Item 7: Types of Clients.....	9
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss.....	9
Item 9: Disciplinary Information .....	10
Item 10: Other Financial Industry Activities and Affiliations .....	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.....	13
Item 12: Brokerage Practices.....	14
Item 13: Review of Accounts .....	16
Item 14: Client Referrals and Other Compensation .....	17
Item 15: Custody .....	18
Item 16: Investment Discretion .....	18
Item 17: Voting Client Securities.....	18
Item 18: Financial Information .....	18

## **Item 4: Advisory Business**

### **A. Description of Advisory Firm**

PaulaHogan is an independent, fee-only financial advisory firm offering investment advisory and financial planning services. Our typical clients are individuals and their families, including high net worth families, and trusts. We may also provide investment advice to pension and profit sharing plans and plan participants as well as to foundations and other institutions, and to business entities.

PaulaHogan is a Wisconsin limited liability company that is federally registered with the Securities and Exchange Commission as a Registered Investment Advisor. Our registration with the SEC does not imply any special skills or expertise.

The firm is wholly owned by Paula H. Hogan, CFP®, CFA who founded the firm in 1992.

### **B. Description of Advisory Services Offered**

PaulaHogan offers a broad financial planning relationship anchored by a thorough understanding of the client's needs, goals, and values. The firm develops, implements, and monitors financial planning and investment strategies, and provides quarterly portfolio performance reporting. PaulaHogan coordinates, as appropriate and with the client's express permission, with the client's attorney, accountant, banker, real estate and insurance agents, career or other counselors, as well as family members to facilitate smooth and coordinated development and implementation of planning ideas on a continuous basis.

Unless PaulaHogan determines to make an exception, new clients who seek investment advisory services will engage PaulaHogan on a discretionary basis (i.e., PaulaHogan can make investment decisions for the client's account without first discussing each proposed transaction with the client and receiving corresponding authorization from the client to make such transaction).

PaulaHogan provides investment recommendations that may include securities and strategies as described in Item 8 of this Brochure. In addition, pursuant to the terms of its investment advisory agreement with clients, PaulaHogan will remind clients of their obligation to inform the firm of any changes to their personal financial circumstances, investment objectives, or risk tolerance, as well as modifications or restrictions that the client would like imposed on the management of their accounts. The firm will also contact clients at least annually to determine whether there have been any changes in a client's financial circumstances, investment objectives, or tolerance for risk.

#### **B.1. Financial Planning Services**

PaulaHogan offers a broad range of financial planning services, which may include one or more of the following:

- Identification of financial history, challenges, goals, concerns, preferences, and values,
- Cash flow analysis and budgeting assistance,
- Income and estate tax planning,
- Risk exposure review and risk protection advice,

- Portfolio management,
- Funding of specific goals including for example education or debt reduction,
- Charitable planning,
- Advising on the intersection of personal financial planning with career planning and/or other business interests,
- Advising on the use of employee benefits,
- Special needs planning,
- Facilitation of intergenerational communication about financial issues, and/or
- Other issues specific to the client.

In performing these services, PaulaHogan is not required to verify any information received from the client or from the client's other professionals. It is the client's responsibility to promptly notify PaulaHogan whenever there is a change in the client's personal circumstances or preferences that would impact the client's ability or willingness to take financial risk.

Financial planning services are generally delivered on a continuous basis. In those instances our services include an intensive initial review of the client's financial history, challenges, goals, concerns, preferences, values, and circumstances, plus consensus development of strategies for addressing those goals and concerns in the context of the client's current financial situation. Financial planning services also typically include implementation, monitoring, and ongoing refinement and updating of planning strategies.

Continuous financial engagements are anchored regular reporting on the client's specific personal planning strategies (plus portfolio performance reporting) and at least annual meetings.

These regular quarterly reports and scheduled meetings provide the backdrop for when PaulaHogan and the client communicate with each other throughout the year when either party deems appropriate as various planning concerns, opportunities, or questions arise.

In addition, PaulaHogan provides further regular communication via routine client mailings, our website and blog, and our social media presence.

PaulaHogan will occasionally, at its sole discretion, offer to provide financial planning services on a project basis for a specified flat fee agreed upon in advance. In those cases, our services may cover some or all of the same topics detailed earlier in this section but typically do not include implementation of recommendations or delivery of all routine client mailings.

Financial planning project engagements are documented to the client in a letter that summarizes our understanding of the client's situation, the scope of our engagement, and a list of specific and personally tailored planning recommendations. Financial planning projects are typically an exception and an accommodation for clients whose personal circumstances do not match well with our regular broad-ranging service offering.

## **B.2. Investment Advisory Services**

PaulaHogan provides investment advisory services, where the investment advice provided is tailored to meet the needs and investment objectives of the client. Investment Advisory Services are generally included as a routine part of our Financial Planning Services.

*Subject to any mutually agreed upon guidelines, PaulaHogan may provide the following:*

- Access to institutional investment products
- Individually tailored portfolios
- Implementation of investment strategy
- Portfolio performance reporting
- Ongoing investment education

The types of securities and investment strategies that PaulaHogan generally recommends and/or provides advice upon are detailed in Item 8 of this Brochure.

### **B.3. Miscellaneous Considerations**

*Limitations of Financial Planning and Non-Investment Consulting/Implementation Services:* As indicated above, we offer to provide financial planning and consulting services regarding non-investment related matters, such as estate, tax and insurance planning. Neither PaulaHogan, nor any of its representatives, serves as an attorney, accountant, or insurance agent, and no portion of PaulaHogan's services should be construed as legal, accounting, or insurance implementation services. Accordingly, PaulaHogan does not prepare estate planning documents or tax returns. In addition, neither PaulaHogan, nor any of its employees, sell any commission-based investment or insurance-related products. To the extent requested by a client, PaulaHogan may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance professionals, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from PaulaHogan. Should a client engage any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

*Client Obligations:* In performing its services, PaulaHogan shall not be required to verify any information received from the client or from the client's other professional advisors (CPA, attorney, etc.), and is expressly authorized to rely thereon. Moreover, it remains the client's responsibility to advise us if there is ever any change in the client's financial situation or investment objectives so that we can review/evaluate/revise our previous recommendations and/or services.

*Non-Discretionary Service Limitations:* When PaulaHogan provides investment advisory services on a non-discretionary basis, clients must be willing to accept that PaulaHogan cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. In the event of a sudden market move during which the client is unavailable, PaulaHogan will be unable to effect any account transactions without first obtaining the client's consent.

*Investment Risk:* Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by PaulaHogan) will be profitable or equal any specific performance level(s). See additional discussion at Item 8 A.2 below.

Retirement Plan Rollovers-No Obligation/Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If PaulaHogan recommends that a client roll over their retirement plan assets into an account to be managed by PaulaHogan, such a recommendation creates a conflict of interest if PaulaHogan will earn a new or increased advisory fee on the rolled over assets. No client is under any obligation to roll over plan assets to an IRA managed by PaulaHogan or to engage PaulaHogan to monitor and/or manage the account while maintained at the client's employer. Our Chief Compliance Officer, Paula Hogan, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented.

ByAllAccounts: PaulaHogan engages the services of ByAllAccounts, or other industry vendors, to facilitate comprehensive reporting of the client's assets and liabilities including assets that are not part of the assets managed by PaulaHogan (the "Excluded Assets"). PaulaHogan's service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because PaulaHogan does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not PaulaHogan, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The client and/or their other advisors that maintain trading authority, and not PaulaHogan, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, PaulaHogan shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that PaulaHogan provide investment management services with respect to the Excluded Assets, the client may engage PaulaHogan to do so pursuant to the terms and conditions of the investment advisory agreement between PaulaHogan and the client.

Use of Mutual Funds: While PaulaHogan may recommend allocating investment assets to mutual funds that are not available directly to the public, PaulaHogan may also recommend that clients allocate investment assets to publically-available mutual funds that client could obtain without engaging PaulaHogan as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging PaulaHogan as an investment advisor, the client would not receive the benefit of PaulaHogan's initial and ongoing investment advisory services. Please also refer to Item 10.D. below with respect to Dimensional Fund Advisors.

Independent Managers / Separately Managed Account Platforms. PaulaHogan may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers / separately managed account platforms (the "Independent Manager(s)") in accordance with the client's designated investment objective(s). Currently, PaulaHogan allocates or recommends such allocations to certain Independent Manager(s) to access municipal bond ladders. In such situations, the Independent Manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated

assets. PaulaHogan will continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. PaulaHogan generally considers the following factors when considering its recommendation to allocate investment assets to Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the Independent Manager(s) is separate from, and in addition to, PaulaHogan's investment advisory fee as set forth in Item 5, which is disclosed to the client according to the terms and conditions of a separate agreement between the client and the Independent Manager(s).

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

Clients' accounts will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable client-imposed and mutually agreeable restrictions.

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

PaulaHogan does not participate in wrap fee programs.

### **E. Client Assets Under Management**

As of December 31, 2016 PaulaHogan had \$202,579,079 in assets under management on a discretionary basis, and \$27,425,186 in assets under management on a non-discretionary basis.

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

### **A. Methods of Compensation and Fee Schedule**

For its combined Investment Advisory Services and Financial Planning Services, PaulaHogan either charges: an annual flat fee, which is agreed upon in advance and incorporated into the investment advisory agreement signed by the client; or an annual fee generally based on a percentage (%) of the market value of assets under management as shown in the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee Rate</u>
First \$2,000,000	1.00%
Next \$3,000,000	0.50%
Above \$5,000,000	0.35%

Our minimum fee is \$10,000 per year. However, our fee is negotiable in our sole discretion in order to accommodate clients whose financial circumstances do not fit our regular fee schedule. Negotiated fees may include an adjusted minimum fee or annual fee rate, and/or a negotiated one-time fee for a single financial planning project. Fees for project work are generally payable in full at the completion of the advisory engagement. Fees for continuous services are generally billed quarterly, in arrears. Clients may be able to find comparable services elsewhere at more favorable pricing.

Fees are typically paid quarterly by direct deduction from the portfolio and will be prorated if the investment advisory relationship commences or ends other than at the beginning or at the end of a billing period.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable directly from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. Alternatively, if the client prefers and/or if the services are for project work and not for continuous services, PaulaHogan will bill the client directly, and in those instances, fees are due upon receipt of the advisory bill. PaulaHogan may modify the fee at any time with written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

Fees are always subject to the investment advisory agreement between the client and PaulaHogan. A client's investment advisory agreement may be canceled at any time by the client, or by PaulaHogan, upon written notice. Upon termination of any account, any earned, unpaid fees will be due and payable, and may be deducted by us from a custodial account.

## **B. Client Payment of Fees**

PaulaHogan will not take custody or possession of client funds or securities at any time except to the extent that PaulaHogan may deduct fees directly from the client's account. PaulaHogan will deduct advisory and custodial fees directly from the client's account provided that:

- The client provides written authorization to the qualified custodian;
- The qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account; and

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

## **C. Additional Client Fees Charged**

Fees charged by PaulaHogan are in addition to any transaction fees charged by the brokerage firms and to any expenses charged by the investments held in the client's account. In order to help contain these expenses, PaulaHogan generally suggests the use of mutual funds with institutional, not retail pricing, and the use of discount brokerage firms.

An additional potential investment expense is the tax cost associated with investing that is specific to each client. Taxes can increase because of realized capital gains and/or from the receipt of interest and dividend income. PaulaHogan routinely considers these expenses when developing and implementing investment strategies.

Please note that in addition to PaulaHogan's investment advisory fee, mutual funds, exchange traded funds, and separate account managers also charge fees. For example, mutual funds and exchange traded funds charge internal fund management fees and administrative expenses. Separate account managers charge a separate investment management fee. These additional fees are set forth in the fund prospectus and/or in the separate account manager's written disclosure statement and/or advisory agreement. A client using PaulaHogan may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.



#### **D. Prepayment of Client Fees**

PaulaHogan does not require the prepayment of advisory fees. All investment advisory fees are billed quarterly in arrears, that is, after the delivery of advisory services.

#### **E. External Compensation for the Sale of Securities to Clients**

PaulaHogan staff are compensated solely through a salary and bonus paid by PaulaHogan. We do not receive any sales, service, or administrative fees for the sale of mutual funds or any other investment products. Our firm is completely fee-only.

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

We believe that performance-based fees can introduce a conflict of interest between the advisor and the client. Thus, PaulaHogan does not charge performance-based fees.

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

PaulaHogan provides investment advice primarily to individuals and their families, including high net worth families, and trusts.

PaulaHogan may also provide investment advice to pension and profit sharing plans and plan participants as well as foundations and other institutions, and to business entities.

Our minimum fee is \$10,000 per year. However, the minimum fee is negotiable in our sole discretion in order to accommodate clients whose financial circumstances do not fit our regular fee schedule. Clients may be able to find comparable services elsewhere at more favorable pricing.

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

#### **A. Methods of Analysis**

Our methods of analysis and investment strategies reflect our commitment to strategic asset allocation and may include fundamental and cyclical analysis. In addition, PaulaHogan may review research material prepared by others, including corporate filings, corporate rating services, corporate press releases, a variety of financial publications, and in the case of separate account managers, such manager's disclosure documents and publicly available information regarding the separate account manager's investment performance.

PaulaHogan may employ outside vendors or use third-party software to assist in formulating investment recommendations to clients.

#### **B. Investment Strategies**

We aim to gain exposure to the global markets commensurate with the client's ability and willingness to take financial risk and with careful attention to cost and tax efficiency. To do so, we frequently recommend asset class index type funds but may also use individual securities, actively managed funds, Independent Manager(s) (typically, municipal bond ladders) and

immediate annuities as well as other investments in order to tailor the portfolio to the client's needs and preferences.

Our recommended portfolio allocations reflect our belief that diversification and expense control are fundamental risk management strategies. We also believe that a fundamental determinant of portfolio risk and expected return is the exposure to various dimensions of risk and return, for example, the stock market as a whole and small cap and value stocks in particular. We believe that portfolio risk and expected return increases, everything else being equal, with the proportion of the portfolio invested in these dimensions of return. Consequently, our recommended portfolio allocations reflect careful attention to the structure of the portfolio, i.e. to the exposure of the portfolio to various kinds of investments.

The investment strategy for a specific client is based upon our understanding of the objectives, income needs, and tax situation of the client as revealed to us in the financial planning process. Our financial planning process generally includes extensive conversation with the client about the client's financial circumstances, concerns, challenges, values, and aspirations along with our close review of personal financial documents provided to us by the client and by the client's other advisors.

Goals and objectives are clearly identified during initial meetings and subsequently monitored through regular communications with the client and regular reviews of client data. Cost is an important but not sole consideration when choosing specific investments. Tax efficiency is addressed by tailoring the type of investments and their location within the client's portfolio to the client's tax situation and preferences.

Portfolio allocations are fluid and can change as the needs and situation of the client change. We do not aggregate trades since each client's portfolio is tailored to their individual planning needs.

### **C. Analysis of Risks**

The nature of investing is that every investment program necessarily includes risks borne by the investor. Clients face the following investment risks: Loss of Principal Risk, Interest-rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, Tax Risk, Expense Risk, and Personal Risk, e.g. an abrupt change in the investor's ability or willingness to take risk that triggers a need for an abrupt change in portfolio policy.

No risk protection strategy is sufficient to protect investors fully from the risk of loss. However, we use a variety of risk mitigation strategies in order to manage portfolio risk and expected return. These strategies may include diversification, risk sharing through insurance coverage, careful attention to tax efficiency and portfolio expense, and tailoring investment strategy to the circumstances and preferences of the client and especially to the client's dependence on portfolio income versus earned or other income.

## **Item 9: Disciplinary Information**

Neither PaulaHogan nor its management has been the subject of any reportable: criminal, civil, regulatory, or disciplinary actions.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Broker-Dealer or Representative Registration

Neither PaulaHogan nor its affiliates and related persons are registered as a broker-dealer or as a registered representative of a broker-dealer.

### B. Futures or Commodity Registration

Neither PaulaHogan nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading advisor and neither PaulaHogan nor its affiliates have an application to register pending.

### C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

We have structured our business to minimize conflicts of interests. Thus, we do not pay or receive referral fees. We do not own a part of another business and no business owns a part of our business. We do not earn any commission income. We are completely fee-only.

*There are some important nuances that we would like you to understand:*

Insurance Licensing: In the state of Wisconsin where our firm is based, state law specifies that in order to give insurance advice that is anything more than incidental, you must either be a licensed insurance agent or must fall within a specific exception, e.g. you are an attorney. Since we offer broad, not incidental, advice about insurance and because we do not fit into the specified exclusions, certain members of our staff are licensed insurance agents. For example, Ms. Hogan is licensed in Wisconsin to sell health, disability, life, property and casualty insurance. However, neither our firm nor anyone on our staff receives commissions for the sale of insurance products. When helping clients evaluate and purchase insurance coverage, we may work with agents who do earn commission income if we deem that to be in the best interest of the client. In those instances, we do not receive any commission income nor do we have any understanding either written or verbal to trade or receive client referrals. Clients are always informed how the outside insurance agent is paid. We also work with fee-only insurance advisors when possible and when appropriate for the client.

Service Work: At PaulaHogan we value community involvement. Our staff may have volunteer activities both within and outside the financial advisory industry. We evaluate each such volunteer activity internally and decline relationships that would impair our ability to work for the client and only for the client. We believe that volunteer work makes us better advisors.

### D. Recommendation or Selection of Other Investment Service Providers and Products and Conflicts of Interest

PaulaHogan does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

*There are important nuances about our business model that we would like you to understand:*

Investment Product Providers: We believe that investment strategies rooted in academic, peer-reviewed research are fundamental to excellent financial planning.

At the inception of our business in 1992, Dimensional Fund Advisors (“DFA”) granted us access to their globally diverse family of mutual funds ([www.dfaus.com](http://www.dfaus.com)). DFA customers include institutional investors and fee-only advisors purchasing funds on behalf of advisory clients. DFA is distinctive in that its roots and ongoing affiliations are with the academic community and especially with academics in the fields of economics and finance. DFA offers access to its funds solely to institutions and to fee-only advisors who share its belief that markets work and that individual security selection and market timing are not optimal strategies for individual investors.

There is no financial relationship between PaulaHogan and DFA. PaulaHogan has no obligation to recommend DFA mutual funds nor do we provide any payment to DFA for access to their funds nor does DFA provide us any financial payment or other such economic benefits.

However, DFA does provide educational benefits to our firm. These benefits, which are also received by other fee-only advisors granted access to DFA funds, include attendance at seminars and study groups hosted by DFA at which the investment products of DFA are explained, academic instruction is given on asset allocation strategies, and financial planning and practice management instruction is given. (NOTE: PaulaHogan pays all travel and hotel costs for staff attending these seminars.) We are also granted access to the “financial advisor” section of the DFA web site ([www.dfaus.com](http://www.dfaus.com)) which contains additional academic research and practice management articles, videos, software, and historical returns data.

Our investment strategy reflects the investment point of view advocated by DFA, that diversification and expense control are fundamental risk management strategies, as is careful management of the structure of the portfolio. In particular, we agree with DFA that risk and expected return increase to the extent that a portfolio is invested in the various dimensions of returns including stocks and small cap and value stocks in particular.

The portfolios we manage or recommend for clients generally include DFA funds as well as funds from other companies. Clients of PaulaHogan are clearly informed that DFA funds can only be purchased by institutional investors and fee-only advisors approved by DFA. Thus, former clients of PaulaHogan can hold and sell shares, but not purchase more shares of DFA funds on their own.

PaulaHogan may also receive general investment and market information from other investment product providers with whom it does business. PaulaHogan tends to favor companies who offer relatively low-cost products, such as Vanguard ([vanguard.com](http://vanguard.com)) and/or competitive pricing platforms such as Income Solutions® ([incomesolutions.com](http://incomesolutions.com)).

Custodians: The brokerage firms with whom we work may make available to PaulaHogan products and services that benefit PaulaHogan but may not directly benefit its clients’ accounts and are further detailed in Item 12.

We manage this potential conflict of interest in two key ways. First, we have chosen to work with different brokerage firms in order never to be solely dependent on any one brokerage relationship and to stay personally informed with industry-wide trends and opportunities with brokerage custodians. Second, we also fully disclose these relationships to our clients and invite our clients to choose among the custodians with whom we work.

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

### A. Code of Ethics Description

We conduct our business as fiduciaries. This means that we honor an affirmative duty to put the interests of our clients first and to act in a manner that reflects our Core Values:

- We work with colleagues in a professional manner, but our duty of loyalty is to our clients.
- We are committed to the pursuit of excellence in all areas of our practice.
- We act with integrity in all instances.

Our Code of Ethics documents how we meet these professional standards in our daily practice, e.g. with respect to compliance with Federal securities laws, the oversight of personal securities transactions of our staff, and the protection of private information.

In particular, our Code of Ethics is applicable to all persons at the firm who have access to confidential client records or to recommendations being made for client accounts. Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm's staff, the Code requires such "access persons" to obtain preapproval of certain securities transactions, to report transactions quarterly, and to report all securities holdings at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or to prohibit certain employee securities purchases and sales based upon the transactions made, or anticipated to be made, in the same securities held in client accounts. The Code also establishes certain bookkeeping requirements relating to federal reporting rules. The Code is required to be reviewed annually and is updated as necessary.

Our Code of Ethics is an integral part of how we do business on the day-to-day, and is available on request.

In addition to the above, PaulaHogan has voluntarily subscribed to the Best Practices for Financial Advisors ("Best Practices") published by The Institute for the Fiduciary Standard. The Best Practices offer a simple code of conduct and outline a commitment to clients of subscribing financial advisors. They seek to clearly articulate what a client can expect to receive from a subscribing financial advisor. These Best Practices do not replace our regulatory compliance obligations or duties to clients under relevant laws, rules, or regulations. The Institute for the Fiduciary Standard's role is limited to publishing the Best Practices as well as maintaining a corresponding register of subscribing financial advisors. Clients can find a complete list of the Best Practices at:

<http://www.thefiduciaryinstitute.org/wpcontent/uploads/2016/09/BestPracticesSpecificRequirementsSeptember132016.pdf>

Clients can also verify PaulaHogan's subscription status at [www.thefiduciaryinstitute.org](http://www.thefiduciaryinstitute.org).

## **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

PaulaHogan does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, PaulaHogan does not recommend any securities to advisory clients in which it has any proprietary or ownership interest.

## **C. Personal Trading**

We believe that our staff has the right to invest as they deem appropriate for their own accounts. However, we also have procedures in place to ensure that personal trading by staff is never disadvantageous to our client's interests. Personal trading by staff and their relations must be in accordance with our Code of Ethics policies and procedures.

PaulaHogan, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans, may invest in their own accounts differently than how we invest for clients. They may also invest in the same way and in the same securities as we recommend to clients. We do not regard this activity as a conflict of interest since the investments we typically recommend to clients have wide market participation with prices that are easily discerned and market-determined. We also believe that clients might find it reassuring to realize that we eat our own cooking.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Broker-Dealers for Client Transactions**

PaulaHogan may recommend or request that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, and/or other brokerage firms. For example, currently in addition to Charles Schwab, we use TD Ameritrade, TIAA-CREF and Vanguard to maintain custody of clients' assets and to effect trades for their accounts. Although we may recommend or request that clients establish brokerage accounts with these firms, PaulaHogan is independently owned and operated and not affiliated with any brokerage firm.

The brokerage firms with whom we work do not charge separately for custody services, but may be compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through or that settle into the brokerage firm's accounts.

In certain instances and subject to approval by the firm, PaulaHogan will recommend to clients certain broker-dealers and/or custodians based on the needs of the individual client and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by PaulaHogan will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are

responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### **A.1. Institutional Trading and Custody Services**

The brokerage firms with whom we work may provide access to its institutional trading and custody services, which may not be available to retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to the advisor. These services are not contingent upon PaulaHogan committing to the brokerage firm any specific amount of business (assets in custody or trading commissions.) The services of the brokerage firms with whom we work may include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

#### **A.2. Other Products and Services**

The brokerage firms with whom we work offer us products and services that may be used to service all or some substantial number of our accounts, including accounts maintained with other brokerage firms. These products and services are typically designed to help us provide efficient and effective client service, for example to help us manage and administer software and other technology that:

- Facilitates trade execution
- Provides access to client account data (such as trade confirmations and account statements)
- Provides research, pricing, and other market data
- Facilitates payment of PaulaHogan's fees from its clients' accounts
- Assists with back-office functions, recordkeeping, and client reporting

The brokerage firms with whom we work also offer other services designed to help PaulaHogan manage and further develop its business enterprise. These services may include

- Compliance, legal, and business information and consulting
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

The brokerage firms with whom we work may also make available, arrange and/or pay third-party vendors for the types of services rendered to PaulaHogan. They may also 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 PaulaHogan. The brokerage firms with whom we work may also provide other benefits, such as educational events, discount or gratis travel expenses, or occasional business entertainment of PaulaHogan personnel.

In evaluating whether to recommend or require that clients custody their assets at a particular brokerage firm, PaulaHogan may take into account the availability of some of the foregoing products and services as part of the total mix of factors it considers, and not solely the nature, cost, or quality of custody and brokerage services provided by that brokerage firm.



## **B. Aggregating Securities Transactions for Client Accounts**

Because our portfolios are individually tailored to each client, it is not administratively feasible or advisable for us to aggregate trades. Firms who do aggregate trades are sometimes able to capture lower transaction expenses for their clients. However, our belief is that the aggregation of trades can also result in tax consequences that are not individually tailored to the client and therefore not necessarily in the client's best interest.

### **B.1. Directed Brokerage**

PaulaHogan typically recommends Schwab, TD Ameritrade, TIAA-CREF and Vanguard as custodians for clients' funds and securities and to execute securities transactions for our clients.

Occasionally, clients may choose to use a particular broker-dealer to execute portfolio transactions for their accounts. Clients who designate the use of a particular broker-dealer with whom our firm does not work should be aware that they may incur higher expenses.

### **B.2. No Soft Dollar Arrangements**

PaulaHogan does not engage in any soft dollar arrangements, i.e. we do not receive research or other benefits from account custodians commensurate with the volume of business we do with the account custodians.

### **B.3. No Brokerage for Client Referrals**

PaulaHogan also does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

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

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Upon signing a contract with PaulaHogan for continuous services, the client is requested to provide a variety of financial information. Upon receipt of the information and within a reasonable period of time for review (generally 10 to 12 business days), we meet with the client to begin the planning process. Generally, the agenda for this first meeting is to confirm our understanding of the basic facts of the client's personal and financial circumstances and to begin the conversation about the client's goals, concerns, preferences, values, and personal history.

In general, in the next several planning meetings, PaulaHogan provides for review and discussion draft financial statements, a suggested priority list of planning objectives, and a proposed agenda for addressing these planning priorities.

In subsequent meetings typically spaced out within the next several months, PaulaHogan and the client then together work through each planning priority to ensure that the client's finances are closely and appropriately tailored to the client's current circumstances.

Once this on boarding process is complete, we shift to an ongoing regular meeting schedule in which meetings are held annually or more frequently and as mutually agreed upon with the



client. In addition to these regularly scheduled meetings, we and/or the client are invited to be in touch at any time and especially whenever a planning need or question or opportunity arises.

The development and consideration of specific planning strategies occurs between the client and a registered investment advisor or a registered investment representative. Clients may meet with other staff members for the purpose of data gathering and/or implementing decisions already made by the client and registered advisor.

#### **B. Review of Client Accounts on Non-Periodic Basis**

PaulaHogan may perform *ad hoc* reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, and/or a material change in how PaulaHogan formulates investment advice and/or a material change in the economic environment.

#### **C. Content of Client-Provided Reports and Frequency**

PaulaHogan typically provides written reports to clients on a quarterly basis. The quarterly reports typically include a review of the economy in the prior quarter, performance reports on the client's portfolio, and often a short summary of planning tasks accomplished in the prior quarter and anticipated in the coming quarter. In addition, and as appropriate to the particular client engagement, we may also provide additional reports specific to the client, including for example a cash flow statement, a year-end balance sheet, and an annual recap of various income tax information for the client's tax preparer..

Please note: The client's independent custodian(s) also provide regular account statements directly to the client. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by PaulaHogan.

We urge clients to compare our statements with those they receive from the various account custodians.

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

#### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Other than as described in Items 10 and 12 of this Brochure, PaulaHogan does not receive economic benefits from any external source.

#### **B. No Advisory Firm Payments for Client Referrals**

PaulaHogan does not pay for client referrals and does not receive any compensation other than advisory fees charged to its clients.

## **Item 15: Custody**

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. PaulaHogan urges its clients to compare the account balance(s) shown on their PaulaHogan performance review to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Unless PaulaHogan determines to make an exception, new clients who seek investment advisory services will engage PaulaHogan on a discretionary basis (i.e., PaulaHogan can make investment decisions for the client's account without first discussing each proposed transaction with the client and receiving corresponding authorization from the client to make such transaction).

Before PaulaHogan assumes discretionary authority over a client's account, the client is required to execute an investment advisory agreement naming PaulaHogan as client's attorney and agent in fact, granting PaulaHogan full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage PaulaHogan on a discretionary basis may, at any time, impose restrictions, in writing, on PaulaHogan's discretionary authority.

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

PaulaHogan does not vote proxies on behalf of advisory client accounts. Clients receive proxies directly from their account custodian(s) for their review and consideration.

## **Item 18: Financial Information**

### **A. Balance Sheet**

PaulaHogan does not require the prepayment of more than \$1200 in fees per client six months or more in advance and so is not subject to a legal requirement to publish its Balance Sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

PaulaHogan is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments.

### **C. Bankruptcy Petitions During the Past Ten Years**

PaulaHogan has never been the subject of a bankruptcy petition.

**We hope this disclosure document is helpful to you in understanding our business and we welcome further questions or comments about this information.**