

# Item 1: Cover Page

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Key Financial, Inc.  
1045A Andrew Drive  
West Chester, Pennsylvania 19380

## **Form ADV Part 2A – Firm Brochure**

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Dated February 8, 2017

This brochure provides information about the qualifications and business practices of Key Financial, Inc. (“Key Financial”). If the client has any questions about the contents of this brochure, please contact us at 610-429-9050. 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 Key Financial is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Key Financial is 116240.

Key Financial is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2: Material Changes

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Since the last annual filing, dated March 16, 2016, the following material changes have occurred:

- Item 4 – Key Financial is now providing investment management services on an ongoing and continuous basis. Because of this, it is now registered with the Securities and Exchange Commission.

## Item 3: Table of Contents

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# Item 4: Advisory Business

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## **Description of Advisory Firm**

Key Financial, Inc. is registered as an Investment Adviser with the Securities and Exchange Commission. Key Financial Inc., was formed in March of 1997 and Patricia Clark Brennan (CRD Number 1454607) is one hundred (100%) percent equity owner also acts as its President, CEO, and Chief Compliance Officer. The adviser is not publicly owned or traded. There are no indirect owners of the adviser or intermediaries that have any ownership interest in the adviser. The adviser provides investment management services on a continuous and ongoing basis. Client cases are managed on an individualized basis. Clients may impose restrictions on their accounts. The adviser does not sponsor any wrap programs.

As of December 31, 2016, Key Financial manages \$455,122,689 on a discretionary basis and \$266,489,031 on a non-discretionary basis.

## **Types of Advisory Services**

### **Financial Planning**

Key Financial (hereinafter sometimes referred to as “adviser”) or associated person of adviser will meet with a client at the first interview and explore basic points of personal and/or business financial planning. There is no charge for this first meeting. Once Adviser has been engaged to do an initial financial plan by the client, the client will fill out a financial planning questionnaire and provide documents necessary to complete the financial plan. Once information is received, Advisor will provide financial planning services to evaluate securities, income taxes, estate planning, retirement planning, personal investments, insurance, financing options, cash flow, company benefits and any other financial aspects of their lives, as checked off on Financial Planning Agreement. A written plan, as well as the impact of current strategies on long term goals is provided to client. Alternatives may be presented to help clients reach their most important goals and objectives. The financial plan and all assumptions are reviewed with the client and steps are taken to implement the recommendations approved by the client. Financial planning services are provided at the option of the client, and the client is under no obligation to implement recommendations or products through the Adviser. Furthermore, the client will be informed if and when an associated person of the adviser, will earn a commission on such products. Once implemented, it is important to review progress toward financial goals and the client is encouraged to contact Adviser with any changes in financial situation and/or risk tolerance.

COMPREHENSIVE and MODULAR PLANNING includes all or some of the following services as appropriate:

- Balance sheet and net worth estimates
- Analysis of net worth and working capital
- Cash flow projections and cash flow management
- Tax projections and tax planning
- Asset allocation and investment planning-
- College education projections & funding alternatives
- Retirement projections and planning
- Estate tax calculations and planning
- Other

**Ongoing Financial Planning and Portfolio Monitoring Alternatives: May be Provided Through Royal Alliance Programs**

Adviser will monitor existing Financial Plan, and furnish periodic updated recommendations as needed regarding the allocation of present financial resources among different types of assets including investments, savings, and life insurance. If a comprehensive financial plan has not been prepared, client can request these services at any time. These services will be done with a view toward better correlating the assets with the Client's financial planning objectives.

Client may continue to utilize Adviser in an investment program of Asset Allocation and to monitor Client's objectives, risk tolerance and financial constraints. Adviser will also furnish quarterly reports of assets under periodic review, which will include Client's present position.

The Client recognizes that the value and usefulness of the financial planning services of Adviser will be dependent upon information that he/she provides and upon his/her active participation in the formulation of financial planning objectives and implementation of plans to attain those objectives. The Client will provide copies of insurance policies, wills, tax returns, and other documents and information as Adviser may reasonably request in order to permit complete evaluation and prepare his/her recommendations to the Client.

We recognize that the value of a Financial Plan resides in not just the plan itself, but monitoring progress toward a client's financial goals. Without this, a plan can become obsolete as changes in a client's financial situation, the economy, tax laws, and markets can have a significant impact on the success of the original plan. Compensation derived from a retainer is to provide this ongoing service to our clients.

## **Outside Accounts**

Asset Allocation Services and portfolio monitoring may be provided for clients with external pension, profit sharing, 401k, 403b, mutual fund or brokerage accounts held at custodians or broker-dealers outside of Adviser's broker-dealer, as part of the financial planning retainer. Performance reporting will be done on assets under custody of Royal Alliance or its clearing adviser, Pershing.

As part of an initial financial planning analysis and engagement, the Adviser will assist clients in determining their investment goals and objectives, risk tolerance and retirement plan time horizons. The Adviser will then recommend an initial asset allocation. However, if such assets are custodied outside of the control of Royal Alliance and the Adviser, the clients will be responsible for accepting and implementing Key Financial's recommendations.

## **Termination**

Clients can terminate, without penalty, the Adviser's Financial Planning Retainer Agreement within five business days by serving a written notice. Clients will then receive, where applicable, a prorated refund of any prepaid advisory fees. Such prorated refund will be based upon actual services and termination costs incurred up to and at the time of termination of Key Financial's services.

## **Educational Seminars**

Key Financial offers free seminars as a way of introducing itself to the public. Adviser also offers client appreciation dinners or meetings from time to time. Mutual fund companies and annuity companies may participate in the cost of seminars. In the adviser's view, this constitutes a conflict of interest. However, the client's best interest shall always be placed ahead of the interest of the adviser and/or its associated person.

## **Trust Services**

Key Financial participates in Pershing's Trust Network and may recommend clients who are in need of personal trust services to certain corporate trustees in the Trust Network. In the event that a client employs a corporate trustee, neither Key Financial, nor its associate persons, receive compensation from the corporate trustee. All fees paid to the corporate trustee for services performed are separate from, and in addition to, fees paid to Key Financial for advisory services performed. Clients are under no obligation to use any recommend corporate trustee for personal trust services.

## **Principal Business**

Adviser believes financial decisions should be based on client's desired financial outcomes, with portfolio management and the deployment of financial resources serving the overall goals of each client. Therefore, the principal business of Key Financial, Inc is to provide comprehensive financial planning, with recommendations that may support stated goals and objectives. Investment and asset allocation advice alone may be given from time to time as deemed appropriate without comprehensive financial planning. Estate planning may be done on a modular basis with retirement cash flow analysis to help determine the probability of a client maintaining his/her lifestyle in retirement.

It is estimated that fifty (50%) percent of the Adviser's time is spent on non-investment Advisory services (i.e. comprehensive financial planning, retirement planning, estate planning, etc.); fifty (50%) percent is spent on a periodic basis furnishing advice to clients on matters involving securities. Adviser is not, but associated persons are licensed as securities and insurance representatives. Associated persons, as securities and insurance representatives, will receive compensation, if the client is invested in a retail account, in the form of commission income on the sale of investment and insurance products. If the client is invested in a RAS account, advisor will not be compensated with commissions on securities, ETFs, or mutual funds. This compensation may apply to client receiving comprehensive financial planning, asset management, institutional management or modular planning.

Adviser may recommend products and/or services other than investment advice to clients as needed. These services include, but are not limited to, comprehensive financial planning (45%), qualified pension plans and related retirement funding methods (18%), insurance needs and products and business succession planning (2%).

Key Financial may manage the client account on a discretionary or non-discretionary basis. We define discretionary management as the ability to trade the account, the securities and amount of securities to be bought or sold, and the timing of the purchase or sale, without obtaining the

clients prior consent. It does not extend to the withdrawal or transfer of the client account funds.

Non-discretionary management means that Key Financial does not have the ability to perform the aforementioned without the client consent. In an account with non-discretionary management, Key Financial will only purchase or sell securities that have been approved by clients in advance. Key Financial will initiate an initial asset allocation with the client's prior review and approval, and ongoing recommendations and rebalancing are done only after client's written or verbal approval. Client understands that not having discretion may affect (delay) the timing of implementation of recommendations, which may impact investment results.

In addition to the asset allocation services, comprehensive financial planning will be offered as outlined on pages 1 and 2. There may be clients such as institutions, for which individual or family planning is not relevant.

Fees are due in advance on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Adviser may grandfather existing clients on prior fee schedules.

Clients are directed to Item 12, below for a discussion of the adviser's brokerage practices.

There are three alternative programs available through Royal Alliance. These are:

- One-third of one percent financial planning and portfolio monitoring.
- Grandfathered financial planning and portfolio monitoring.
- RAS Financial Planning and Portfolio Monitoring - The adviser will offer RAS Accounts ("RAS") as an Advisory account in which we can purchase no-load mutual funds and load waived funds and other equity, ETF's, debt and option securities for the client. No initial sales charges or commissions will be assessed in these accounts. Advisor will not charge anything over and above the minimum Broker/Dealer commission and clearing charges. Advisor will obtain the relevant financial data from the client and assist in the selection of suitable investments. The investment strategy will be on specific goals and individual situation. In addition, the client has the opportunity to place reasonable restrictions on investments held within the RAS account. In certain instances, Key Financial may recommend Variable Annuity products as part of the financial planning portfolio. If in such cases a reallocation is advisable, Key Financial will place such reallocation directly through the Variable Annuity Sponsor. In addition, although the

Variable Annuities and their respective Sub-Accounts will be represented on various reports (i.e. Performance Reporting) the Variable Annuities are held at the Variable Annuity Sponsor. Variable Annuities that are managed will be billed a fee included in the portfolio value for quarterly billing purposes. Fees will not be charged on Variable Annuities purchased within two years of moving to a RAS account. However, this fee will be debited from a designated account within its respective client Billing Group. At no time will the fees be billed directly from the Variable Annuity. RAS is offered as an account billed with separate Advisory fees and transaction charges (“Non-Wrap Account”). As such, in addition to the quarterly account fee described below, the client will also pay separate per-trade transaction charges. Please see the client agreement for a complete list of transaction charges.

In certain circumstances adviser may utilize the services of RTD Financial Advisors (“RTD”) serving as a third party money manager. RTD utilizes Charles Schwab as the broker dealer firm. The minimum account size is \$250,000. The Adviser provides a program of asset allocation which is the process of selecting a mix of asset allocation of capital to those assets based on the client's objectives, risk tolerance, and time constraints. Quarterly status and repositioning reports are provided by RTD. As part of our agreement with RTD, we will be compensated sixty-five (65%) percent of fees collected from client that pertain to services rendered pursuant to this agreement.

## Item 5: Fees and Compensation

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### **General Information Concerning Fees**

In certain circumstances, Advisory fees and account minimums may be negotiable based upon prior relationships as well as related account holdings. Advisor may choose not to charge a fee, a quarterly retainer, or may choose to offer services at a reduced rate. Alternative flat fees may also be negotiated based on complexity of client's financial situation, and estimated time allocated by Advisor and the Adviser. Other fees charged are calculated as described above and are not charged on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of an Advisory client. All fees paid to the Adviser for investment Advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. Such fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.



A client could invest in a mutual fund directly, without the services of Key Financial. In that case, the client would not receive the services provided by Key Financial that are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to the client's financial condition, objectives, tax liability and financial planning. Accordingly, the clients should review both the fees charged by the funds and the fees charged by Key Financial to fully understand the total amount of fees to be paid by the clients and to thereby evaluate the advisory services being provided.

Upon client's written authorization, fees will be automatically deducted from the account. Clients will be provided with an invoice setting forth the fee calculation and a quarterly statement reflecting deduction of the advisory fee.

The adviser may choose to waive initial financial planning fee or quarterly financial planning and asset monitoring retainer fee.

Accounts under separate names or titling will be aggregated for a reduction in total fees.

Royal Alliance does not sponsor a wrap, unbundled wrap, or fee and commission offset program through Schwab. Schwab charges commission rates that are generally considered discounted from customary retail commission rates. However, the commissions and/or transaction fees charged by Royal Alliance and Schwab may be higher or lower than those charged by other broker-dealer/custodians. The fees charged by Royal Alliance and Schwab, or any other designated broker-dealer/custodian, are exclusive of, and in addition to, Key Financial's investment monitoring fees. In addition, the clients shall also incur charges imposed at the mutual fund level (e.g. management fees and other fund expenses). Please see client agreement for clearing/Broker Dealer charges and commission rates as they may apply to various accounts, holdings, purchases or sales.

### **Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

The advisor retains the right to charge a fee for settling estates, divorce settlements and consultations with trust attorneys. The fee will be estimated and agreed upon by both the advisor and client. Client will be charged after the work has been completed. Adviser is not, but associated persons are licensed as securities and insurance representatives. Associated persons, as securities and insurance representatives, will receive compensation, if the client is invested in a retail account, in the form of commission income on the sale of investment and insurance products. If the client is invested in a RAS account, advisor will not be compensated with commissions on securities, ETFs, or mutual funds. This compensation may apply to client receiving comprehensive financial planning, asset management, institutional management or modular planning.

### **Initial Financial Planning Fee and Refund Information**

The fee for comprehensive or modular planning (i.e. Estate Planning, Retirement Planning, etc.) will be a flat fee as compensation for work involved and agreed upon by both the advisor and client. Client will be charged after the work has been completed. Initial planning fees are not debited from accounts. Since clients are not obligated to implement recommendations or set up accounts through the Adviser's broker/dealer, fees are paid directly to Key Financial. Fees are due in arrears. Only ongoing financial planning retainer fees are debited from client accounts, and there is no account minimum for initial financial planning.

### **Refund**

The Client is entitled to a full refund of initial financial planning fees, up to and including ten (10) calendar days after delivery of the completed financial analysis, by surrendering to Key Financial any such completed analysis delivered or by written notice to Key Financial. No other conditions apply to this refund feature.

### **A. ROYAL ALLIANCE - 3 Alternative Programs are Available**

#### **1. 1/3 of 1% Financial Planning and Portfolio Monitoring**

Financial planning retainer with ongoing financial planning services delivered with portfolio monitoring will be billed 1/3 of 1% of investment assets (annually) which Advisor will review on a regular basis through downloading accounts and/or investment or annuity statements. Fees will be due on the first business day of each calendar quarter based upon the values of client's portfolio being monitored on the last business day of the previous calendar quarter. Fees are due in arrears. Clients receiving non-investment or project related advice, (for example estate settlement, divorce planning and distribution) May be billed separately based on an estimate. The fee will be agreed upon by both the advisor and client. If compensation is derived from

standard commissions on investment vehicles, Key Financial will not charge a retainer for a period of one (1) year on the purchase price of that asset (i.e. amount invested). If a client chooses to dollar cost average from a lump sum, fees will be waived for 12 months on the original lump sum as of the date of deposit. See Asset Allocation for outside accounts for fees payable on assets held at other custodians. Advisor may grandfather an existing client on prior fee schedules, or charge based on an alternative flat fee or percentage of assets as agreed upon with client.

In certain instances, the Advisor may recommend Variable Annuity products as part of the financial planning portfolio. If in such cases a reallocation is advisable, Key Financial will place such reallocation directly through the Variable Annuity Sponsor. In addition, although the Variable Annuities and their respective Sub-Accounts will be represented on various reports (i.e. Performance Reporting) the Variable Annuities are held at the Variable Annuity Sponsor.

Variable Annuities that are managed will be billed a fee included in the portfolio value for quarterly billing purposes. Fees will not be charged on Variable Annuities purchased within 1 year of moving to the account.

The adviser's Financial Planning Retainer with ongoing financial planning services delivered with portfolio monitoring will be billed at 1/3 of 1%. The minimum fee for this service will be \$625.00 per quarter. In this arrangement, the adviser may have an incentive to recommend investment products based on compensation received. Clients have the option to implement investment or insurance products that we recommend through other brokers or agents not affiliated with adviser.

This is a non-discretionary service. In an account with non-discretionary management, Key Financial will only purchase or sell securities that have been approved by clients in advance. Key Financial will initiate an initial asset allocation with the client's prior review and approval, and ongoing recommendations and rebalancing are done only after client's written or verbal approval. Client understands that not having discretion may affect (delay) the timing of implementation of recommendations, which may impact investment results.

## **2. Grandfathered Financial Planning and Portfolio Monitoring**

The adviser will also offer a 65 basis points financial planning retainer with discretion and ongoing financial planning and portfolio monitoring services on assets held with Royal Alliance as Broker/Dealer. This option would be for clients that are currently under the 1/3 of 1% approach and would like to move their accounts to a discretion account with Royal Alliance as Broker/Dealer. These clients will be "Grandfathered." Fees are payable quarterly in arrears.

Under this option, Advisor will manage client accounts on a discretionary basis, defined as the ability to trade accounts, the securities and amount of securities to be bought or sold, and the timing of the purchase or sale, without obtaining prior consent. It does not extend to the withdrawal or transfer of account funds. The client will evidence consent for discretionary management by signing the Client Agreement.

Accounts will be moved to a RAS account (see below), where there will be no front end charges on mutual fund purchases. Any 12B1 fees charged on mutual funds in investment accounts through Royal Alliance will be reimbursed and credited back to that same account. Please see client agreement for any clearing charges or transaction fees.

In certain circumstances, clients may have an existing variable annuity which is either fulfilling an income or investment objective for a client, or income taxes and surrender charges may apply whereby it is not appropriate for a client to take a partial or full distribution. In those instances, variable annuities that are managed will be billed a fee for quarterly billing purposes. Clients will not be billed a fee for variable annuities purchased within two years of moving to a RAS account. Key Financial may recommend variable or indexed annuity products as part of the financial planning portfolio. If in such cases where a reallocation is advisable into a new variable annuity, Key Financial will place such reallocation directly through Variable annuity sponsor and may receive compensation from the annuity company. If compensation is derived, fees will be waived on the variable or indexed annuity sponsor for a period of two years from purchase date. While variable and indexed annuities and their respective subaccounts will be represented in various reports (i.e. Performance Reporting), all annuities are held at the annuity sponsor.

Grandfathered financial planning retainer with portfolio monitoring has a minimum charge per quarter of \$625.

### **3. RAS Financial Planning and Portfolio Monitoring**

Quarterly account fees will be due in arrears, based upon the market value of the assets held in the client account as of the last business day of the preceding calendar quarter. The client account fees will be debited from the client account by our custodian.

Financial planning retainer with portfolio monitoring through RAS may be undertaken on a discretionary basis and has a minimum charge per quarter of \$625. The minimum fee per quarter on non-discretionary RAS accounts is \$750.

Key Financial may manage the client account on a discretionary or non-discretionary basis. We define discretionary management as the ability to trade the client account, the securities and amount of securities to be bought or sold, and the timing of the purchase or sale, without obtaining prior consent. It does not extend to the withdrawal or transfer of the client account funds.

Non-discretionary management means that Key Financial does not have the ability to perform the aforementioned without the client consent. In an account with non-discretionary management, Key Financial will only purchase or sell securities that have been approved by clients in advance. Key Financial will initiate an initial asset allocation with the client's prior review and approval, and ongoing recommendations and rebalancing are done only after client's written or verbal approval. Client understands that not having discretion may affect (delay) the timing of implementation of recommendations, which may impact investment results.

Consent for discretionary or non-discretionary management will be evidenced by initialing the designated areas of the client agreement.

In certain circumstances, clients may have an existing variable annuity which is either fulfilling an income or investment objective for a client, or income taxes and surrender charges may apply whereby it is not appropriate for a client to take a partial or full distribution. In those instances, variable annuities that are managed will be billed a fee for quarterly billing purposes. Clients will not be billed a fee for variable annuities purchased within two years of moving to a RAS account. Key Financial may recommend variable or indexed annuity products as part of the financial planning portfolio. If in such cases where a reallocation is advisable into a new variable annuity, Key Financial will place such reallocation directly through Variable annuity sponsor and may receive compensation from the annuity company. If compensation is derived, fees will be waived on the variable or indexed annuity sponsor for a period of two years from purchase date. While variable and indexed annuities and their respective subaccounts will be represented in various reports (i.e. Performance Reporting), all annuities are held at the annuity sponsor.

#### QUARTERLY ASSET MONITORING FEES (RAS)

Portfolio Size	Quarterly Fees	Annual Advisory Fees	Annually
<b>\$0 - \$250,000</b>	0.375%	1.5%	\$0 - \$3,750
<b>\$250,001 - \$500,000</b>	0.300%	1.2%	\$3,000 - \$6,000

<b>\$500,001 - \$1,000,000</b>	0.250%	1.0%	\$5,000 - \$10,000
<b>\$1,000,001 - \$1,500,000</b>	0.255%	0.90%	\$9,000 - \$13,500
<b>\$1,500,001 - \$2,000,000</b>	0.2125%	0.85%	\$12,750 - \$17,000
<b>\$2,000,001 - \$2,500,000</b>	0.1875%	0.75%	\$15,000 - \$18,750
<b>\$2,500,001 - \$5,000,000</b>	0.1625%	0.65%	\$16,250 - \$32,500
<b>\$5,000,000 and Above</b>	Negotiable		

Fees are paid in arrears on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Adviser may grandfather existing clients on prior fee schedules.

#### **B. RTD Financial Advisors, Inc.**

##### QUARTERLY ASSET MONITORING FEES (RTD)

<b>Portfolio Size</b>	<b>Quarterly Fees</b>	<b>Annual Advisory Fees</b>	<b>Annually</b>
<b>\$0 - \$250,000</b>	0.375%	1.5%	\$0 - \$3,750
<b>\$250,001 - \$500,000</b>	0.300%	1.2%	\$3,000 - \$6,000
<b>\$500,001 - \$1,000,000</b>	0.250%	1.0%	\$5,000 - \$10,000
<b>\$1,000,001 - \$1,500,000</b>	0.255%	0.90%	\$9,000 - \$13,500
<b>\$1,500,001 - \$2,000,000</b>	0.2125%	0.85%	\$12,750 - \$17,000
<b>\$2,000,001 - \$2,500,000</b>	0.1875%	0.75%	\$15,000 - \$18,750
<b>\$2,500,001 - \$5,000,000</b>	0.1625%	0.65%	\$16,250 - \$32,500

<b>\$5,000,000 and Above</b>	Negotiable
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Fees are due in advance on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Adviser may grandfather existing clients on prior fee schedules.

**QUARTERLY ASSET MONITORING FEES (RTD Grandfathered Clients)**

<b>Portfolio Size</b>	<b>Quarterly Fees</b>	<b>Annual Advisory Fees</b>
<b>\$100,000 - \$250,000</b>	0.375%	1.5%
<b>\$250,001 - \$500,000</b>	0.300%	1.2%
<b>\$500,001 - \$1,000,000</b>	0.250%	1.0%
<b>\$1,000,001 - \$1,500,000</b>	0.225%	0.90%
<b>\$1,500,001 - \$2,000,000</b>	0.175%	0.70%
<b>\$2,000,001 - \$2,500,000</b>	0.150%	0.60%
<b>\$2,500,001 - \$5,000,000</b>	0.125%	0.50%
<b>\$5,000,000 and Above</b>	Negotiable	

Fees are due in advance on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Adviser may grandfather existing clients on prior fee schedules.

**C. Fees for Outside Accounts**

Fees for monitoring allocations of outside assets and integrating into the comprehensive plan will be based on a flat fee retainer. Fees may range from \$625 to \$8,000 on a quarterly basis, and will depend on the complexity of client's situation, number of outside accounts and ability to aggregate account assets

**D. Corporate Retirement Plans Outside of Royal Alliance and RTD Financial Advisors**

Advisor can and does recommend custodians for corporate retirement plans such as 401ks, and Profit Sharing plans outside Royal Alliance/Pershing. Fees for ongoing services related to monitoring of these plans are as follows:

#### QUARTERLY PLANNING AND ASSET MONITORING FEES

Portfolio Size	Quarterly Fees	Annual Advisory Fees
<b>\$0 - \$2,000,000</b>	0.1875%	0.75%
<b>\$2,000,000 - \$4,000,000</b>	0.125%	0.50%
<b>\$4,000,000 and Above</b>	Negotiable	

Fees are paid in arrears on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Adviser may grandfather existing clients on prior fee schedules.

Clients are directed to Item 12, below for a discussion of the adviser's brokerage practices.

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

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We do not offer performance-based fees.

## Item 7: Types of Clients

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Individuals, pension plans, profit sharing plans, state or municipal governmental entities, trusts, estates, charitable organizations, corporations and other business entities.

There are no requirements for opening or maintaining an account. However, the custodian may impose annual fees.

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

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Investing in securities carries risk of loss, which clients must be prepared to bear. Advisor's security analysis method includes fundamental analysis. Fundamental analysis is bottom up



analysis and top down analysis. The top-down analysis is analyzing global economics, including both international and national economic indicators, such as GDP growth rates, inflation, interest rates, exchange rates, productivity, and energy prices. Bottom-up analysis starts with specific businesses, regardless of their industry/region. The main sources of information used are financial newspapers and magazines, research materials prepared by others, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. The investment strategies used to implement any investment advice given to clients include long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), margin transactions and options writing, including covered options, uncovered options, or spread strategies. Advisor relies on asset allocation strategies customized for each client, with periodic rebalancing and monitoring of manager performance. Material risks involved in investing in mutual funds, stocks, ETFs and bonds are market volatility, interest rate risk, commodity risk, purchasing power risk, longevity risk, and business risk. Material risks involved with ETFs may prices varying significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. In addition, trading issues on various exchanges due to volume or unknown factors may also impact liquidity and pricing.

## Item 9: Disciplinary Information

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None.

## Item 10: Other Financial Industry Activities and Affiliations

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The associated person is a Registered Representative of Royal Alliance and provides brokerage services to clients in that capacity. Royal Alliance's principal business is as a full services general securities broker-dealer registered with the Securities Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), and various other regulatory bodies. Royal Alliance is also a registered investment Advisor and provides access to Third Party Investment Advisory Services to clients through its own investment Advisor Representatives. In that regard, the advisors may also be affiliated with Royal's Investment Advisor for the provision of such Third Party Advisory Services and products.

Associated persons of Key Financial is associated with Royal Alliance Associates, Inc. (Royal), as a Registered Representative. Royal is a diversified financial services company engaged in the

sale of specialized investment products. Associated person of the Adviser may recommend securities or specialized investment products. Associated persons of the Adviser may recommend securities or insurance products offered by Royal Alliance Associates, Inc. In the event the client receives financial planning services from the Adviser, please note that financial plans are prepared and distributed solely by Key Financial; Royal does not review or supervise these financial plans, and makes no representations regarding the substance or accuracy of any financial plan.

If a client has a retail account and purchases these investment products through adviser, associated person of the adviser will receive the normal commissions. Adviser may also recommend insurance related products, and associated person will receive compensation as an agent or broker of that insurance company. Thus a conflict of interest exists between our interest and that of our advisory clients. Associated persons of Key Financial are a registered securities representatives of Royal Alliance Associates, Inc. ("Royal") a broker dealer and registered investment Adviser, and a member of the Financial Industry Regulatory Authority ("FINRA").

Adviser may utilize outside resources to input and process client data, including inputting and recommending asset allocation strategies. These resources may include, but are not limited to, RTD Financial Advisors, Inc. and its related companies in Philadelphia, Pennsylvania. RTD is an approved third party money manager by Royal Alliance Associates, Inc. In this respect, Advisor will provide written disclosures (Form ADV, Part 2A Brochure) of that entity, RTD Financial Advisors, Inc. (SEC Number 801-19015).

In addition, Adviser and its associated person may engage the professional services group from E-money Advisor in Conshohocken, PA to input client data.

Associated person is licensed with many insurance companies. Commissions and overrides are paid by these companies for insurance placed through them. Clients are advised that there is a total freedom to choose any insurance company they may desire. Adviser reserves the right not to implement recommendations through clients' desired insurance company if the company does not meet Adviser's criteria for solvency and performance history.

In addition, Patricia C. Brennan is a member of the Financial Planning Association. R. Bradley Everett is a member of the CFA Institute.

Adviser does not have any relationship or arrangement that is material to its advisory business or to its clients as a result of any relationship with any pension consulting firm.

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

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We have adopted a Code of Ethics (the “Code”) to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Form ADV Part 2A, Item 11

We have adopted a Code of Ethics (the “Code”) to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes our policies and procedures developed to protect the client interests in relation to the following topics:

- The duty at all times is to place the client interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics and to avoid any actual or potential conflict of interest or any abuse of an employee’s position of trust and responsibility;
- The principle that investment Advisor personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and the client’s financial circumstances is confidential;
- The principle that independence in the investment decision-making process is paramount.

We will provide a copy of the Code to the client or any prospective client upon request.

It is rare that the adviser or a related person will invest in the same individual securities that the adviser recommends to clients. In the event that this was to happen, however, full disclosure would be made to such client at once. Adviser and its associates may also own mutual funds, ETFs, annuities or other diversified investment products that it also recommends to its clients. It is further noted that Adviser is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, Adviser has adopted a adviser wide policy statement outlining insider trading compliance by Adviser and its associates and other employees. This statement has been distributed to all associated persons and other employees of Adviser and has been signed and dated by each such person. A copy of such adviser wide policy is left with such person and the original is maintained in a master file.

Further, Adviser has adopted a written supervisory procedures statement highlighting the steps that shall be taken to implement the adviser wide policy. These materials are also distributed to all associated persons and other employees of Adviser, are signed, dated and filed with the insider trading compliance materials.

There are provisions adopted for (1) restricting access to files, (2) providing continuing education, (3) restricting and/or monitoring trading on those securities of which Adviser's employees may have non-public information, (4) requiring all of Adviser's employees to conduct their trading through a specified broker or reporting all transactions promptly to Adviser, and (5) monitoring the securities trading of the adviser and its employees and associated persons.

Pursuant to IA-1092, the following statement is also made by Adviser: (1) Adviser and associated persons thereof are also associated with various insurance companies and agencies. (2) Clients are under no obligation to have Adviser or its associated persons implement any suggestions made in a written financial plan. (3) If asked to implement the suggestions of any written plan, Adviser intends to implement such financial planning, in whole or in part, through products offered by these companies. (4) To the extent Adviser or its associated persons do implement, they will be acting as agents for broker/dealer and/or the insurance company. (5) Although the Adviser's associates are registered representatives of Royal Alliance, these advisory services provided herein are basically beyond the scope of employment with the broker/dealer and these services are independent from such employment with the broker/dealer. (6) If insurance or securities products are acquired, commissions would be received by the associated persons of Adviser. (7) Clients shall have total freedom to execute securities and/or insurance transactions with any company of their choice.

## Item 12: Brokerage Practices

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Under the rules and regulations of the FINRA, Royal has obligations to maintain records and perform other functions regarding certain aspects of the investment Advisory activities of its registered representatives in relation to certain Advisory accounts for which its registered representatives provide investment advice. These obligations require Royal to coordinate with and have the cooperation of the account custodian.

In their separate capacity as Registered Representatives of Royal Alliance, associated persons are subject to certain FINRA supervisory obligations, which have caused Royal Alliance to select the Pershing division of Bank of New York/Mellon. Pershing is an approved third-party clearing broker/dealer, which will execute trades, settle securities transactions and custody clients' assets on behalf of Key Financial and its Advisory Representatives.

Factors considered in selecting Pershing include its existing broker/dealer clearing relationship with Royal Alliance, its extensive financial strength, reputation, reporting, and execution pricing and research. The commissions and/or transaction fees charged by Royal Alliance and Pershing may be higher or lower than those charged by other broker-dealer/custodians. Further, the fees charged by Royal Alliance and Pershing, or any other designated broker-dealer/custodian, are exclusive of, and in addition to, Key Financial's investment monitoring fees. In addition, the clients shall also incur charges imposed at the mutual fund level (e.g. management fees and other fund expenses).

In order to fulfill its obligation, Royal has established a list of custodian and brokerage advisers, which it has arranged to obtain the required cooperation, and which therefore may be utilized for custody of accounts directly advised either by registered representative of Royal who are investment Advisors or other investment Advisors that are affiliated with registered representatives of Royal.

In certain instances, Royal will collect, as paying agent for Key Financial, the investment Advisory fee remitted to adviser by the account custodian, and Royal will retain a portion as a charge to the investment Advisor (not the client) for the function Royal is required to carry out by the FINRA. This fee will not increase execution or brokerage charges to the client or the fee the client has agreed to pay Key Financial pursuant to the client's Advisory agreement.

A portion of the fee retained by Royal may be re-allowed to other registered representatives of Royal who, as registered representatives of Royal, are responsible for the supervision of other representatives and assist Royal with the functions described above.

Key Financial may enter into advisory agreements with other registered investment Advisors to offer their services. Fees for such services will be shared in accordance with the agreement executed by the adviser with the other registered investment Advisor(s). Other Advisors (in addition to RTD) must be approved by Royal Alliance.

Royal Alliance does allow the adviser's related persons to hold accounts and place trades with other broker-dealers. However, all statements and account activity must be automatically mailed to Royal Alliance.

In their separate capacity as Registered Representatives of Royal Alliance, Key Financial and Royal Alliance are all subject to certain FINRA supervisory obligations that have caused Royal Alliance to select Schwab as an approved third-party clearing broker/dealer, which will execute trades, settle securities transactions and custody client's assets on behalf of Key Financial. Factors considered in selecting Schwab include its extensive financial strength, reputation, reporting, and execution pricing and research. Schwab and Royal Alliance also make available

to Key Financial's clients a broad array of no-load, no transaction or low transaction cost mutual funds and exchange traded funds.

The factors that the adviser considers in selecting or recommending broker/dealers for client transactions and determining the reasonableness of their compensation would be reputation in the industry, track record, service and accessibility, financial condition, training for its employees and staff and longevity in the industry.

Adviser does not receive research or other products or services other than execution from a broker/dealer or a third party in connection with client securities transactions. When an adviser uses client brokerage commissions to obtain research or other products or services, adviser receives a benefit because we do not have to produce or pay for the research, products or services.

We may have an incentive to select or recommend a broker/dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution. We do not use soft dollars in order to service our clients' accounts. Adviser does not direct brokerage. Directing brokerage may cost clients more money. Adviser may aggregate the purchase or sale of securities for various client accounts, should such a practice be indicated and appropriate.

## Item 13: Review of Accounts

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We recognize that the value of a Financial Plan resides in not just the plan itself, but monitoring progress toward a client's financial goals. Without this, a plan can become obsolete as changes in a client's financial situation, the economy, tax laws, and markets can have a significant impact on the success of the original plan. Compensation derived from a retainer is to provide this ongoing service to our clients.

Adviser emphasizes the importance of reviewing financial situations on a continuing basis. Since long term investments are generally only recommended, Adviser's review consists of keeping updated on the performance of the investments and the financial plan. Review of a client's plan and portfolio are recommended on an annual basis or when changes occur in client's financial situation. Financial Plans are monitored on an ongoing basis through a comprehensive on-line system. Clients have access to their financial plans and are given a personal website with user name and password. Clients are given a questionnaire to fill out, which is necessary to prepare the financial plan. When the plan is completed, it is important for clients to review data and assumptions for accuracy and to make sure they are comfortable with the assumptions made.

Clients are responsible for reviewing initial and ongoing reports for accuracy and notifying adviser of errors or when changes occur, including but not limited to, changes in income, employment status or desired cash flow needs. They should also notify Advisor with any changes in their financial situation affecting their financial plan, risk tolerance, investment objective, assets, liabilities or net worth. The reviewer would be Patricia Clark Brennan CFP®, CFS, President and CEO, Thomas Joseph Belisari CFP®, Eric Ryan Fuhrman CFP®, R. Bradley Everett, CFA, CFP®, or Samuel Baez, AAMS.

Each Advisor reviews his/her own personal client. If the review includes a new financial planning document, the fee schedule would be in accordance to the retainer fee schedule listed in this ADV. If, however, minor changes are recommended in investment allocations or insurance coverage, financial planner may choose not to charge a fee. Portfolio reviews for retainer clients (i.e. clients receiving ongoing financial planning and portfolio monitoring services and paying quarterly fees) are done on a quarterly basis, and statements are sent to clients.

## Item 14: Client Referrals and Other Compensation

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As a Registered Representative of Royal Alliance, the associated person may recommend to clients the purchase or sale of investment products in which Key Financial and Royal Alliance or a related entity, may have some financial interest including the receipt of compensation. Certain mutual funds (and/or their related persons) in which a client may invest make 12b-1 fee payments to broker-dealers. Such payments may be distributed pursuant to a 12b-1 distribution plan or pursuant to another arrangement as compensation for distribution or administrative services and may be paid out of the fund's assets. Royal Alliance and/or Key Financials may receive such 12b-1 fees or other compensation to the extent permitted by applicable law.

A fund that imposes a front end sales load, but which waives that front-end sales load for purchases made on behalf the client's account (a "front-end load" fund at net asset value) may bear 12b-1 distribution or service fees in excess of 0.25% of the Account's net assets invested in such fund (the minimum allowed for no-load funds). The 12b-1 fee deferred sales charges and other fee arrangements will be disclosed upon request of the clients and are typically described in the applicable fund's prospectus. Because of these compensation arrangements, a conflict of interest may exist in connection with the recommendation of particular mutual fund investments for a client's account. Certain investment advisors may also execute transactions

through Royal Alliance. SunAmerica Trust Company, an affiliate of Royal Alliance, or another affiliate of SunAmerica may act as custodian and receive compensation in connection with certain third party advisory programs.

## Item 15: Custody

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Clients will sign Financial Planning and Asset Monitoring Agreement authorizing Key Financial to deduct the quarterly retainer fee from their Royal Alliance account. A statement from Royal Alliance will be sent to client, on a quarterly basis, disclosing the fee deduction. Please review your statements carefully. Adviser follows all the rules and safe harbors and administrative relief available to it so that the fee deduction does not rise to the level of “custody”.

## Item 16: Investment Discretion

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The adviser has been granted limited discretionary authority by certain Advisory clients. As a result of this situation, the adviser may determine, without first obtaining specific client consent, the securities to be bought or sold and/or the amount of securities to be bought or sold.

In order to manage discretionary assets, a client must sign a financial planning and asset monitoring contract and initial the discretionary section of the contract. The authority is limited to securities bought or sold, the amounts of securities bought or sold, and the timing of when they are bought or sold. It does not extend to the withdrawal or transfer of clients account or funds.

## Item 17: Voting Client Securities

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The adviser does not vote proxy statements on behalf of Advisory clients. Clients receive their proxies or other solicitations from the Custodian or Transfer Agent. Clients may contact us by e-mail, telephone, fax or letter.

## Item 18: Financial Information

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No financial reporting required as the adviser does not require fees more than six months in advance.