



**STILES FINANCIAL SERVICES**  
I N C O R P O R A T E D

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**March 2017**

**This Brochure provides information about the qualifications and business practices of Stiles Financial Services Incorporated (SFSI). If you have any questions about the contents of this Brochure, please contact Susan M. Stiles ([susan@stilesfinancial.com](mailto:susan@stilesfinancial.com) or 952-988-0452). 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 SFSI is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To access this information, you can make an inquiry using our name or our CRD number, which is 117023. Registration of an Investment Adviser does not imply any level of skill or training.**

## **Item 2 – Material Changes**

Since the date of Stiles Financial Services Incorporated's (SFSI) last annual Brochure update in March 2016, there have been no material changes to our business and service offerings. The regulatory registration of our Firm is currently transitioning from a state-registered to a federally-registered adviser due to our level of assets under advisement. This change in our registration does not imply any change in our level of skill or training.

SFSI will provide our clients with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting us at 952-988-0452 or [susan@stilesfinancial.com](mailto:susan@stilesfinancial.com).

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#### **Item 4 – Advisory Business**

SFSI, established in 2000, is wholly-owned and managed by Susan M. Stiles and has \$391,693,000 in assets under advisement as of December 31, 2016. SFSI provides (i) Corporate Retirement Plan Consulting Services for defined contribution and defined benefit plans, both qualified and non-qualified, and (ii) prepares and delivers individual Financial Plan Consulting Services. Each of these segments of the business are described in greater detail in the narrative that follows.

##### **Corporate Retirement Plan Consulting Services**

SFSI's Corporate Retirement Plan Consulting Services provide fiduciary consulting, investment monitoring and Plan oversight through the delivery of a process driven implementation of fiduciary and industry best practices for the Plan Sponsor. Typically this is accomplished through the investment or benefits committee and or the trustee(s). These services often include:

- Performance monitoring, analysis and benchmarking,
- Investment screening, reporting and asset class review,
- Extensive fee analysis, disclosure, negotiating and benchmarking,
- Plan benchmarking,
- Vendor search including conversion services,
- Vendor service negotiation,
- Guidance and fiduciary education on formalization of the investment committee and implementation of an investment policy statement,
- Participant education services, along with development and monitoring of risk based asset class managed strategy portfolios and in some cases, with age banded glide paths.

Ongoing services will generally include a self-assessment of plan operations review, 404(c) compliance review, fiduciary audit file annual checklist and implementation and

documentation of industry best practices and procedures. Participant services can include group based education seminars and one on one personalized meetings in person, over the phone or through webinars. SFSI will generally accept fiduciary responsibility either under ERISA 3(21) or 3(38). SFSI will often coordinate with other professionals including attorneys, actuaries, accountants and plan vendors.

### **Individual Financial Plan Consulting**

SFSI provides tailored financial plan advisory and consulting services to meet the specific needs and requests of individual clients. Plans are developed by acquiring information concerning the client's assets, liabilities, present and future foreseeable obligations, present and future income, the client's desired financial goals, and the client's tolerance of risk, along with any other data related to these areas of a client's financial profile. Development of a comprehensive financial plan may include:

- Net worth statements,
- Budgeting,
- Financial goal setting and projections,
- Asset protection implementation and risk management,
- College planning,
- Wealth accumulation
- Retirement planning including gap analysis, accumulation and income replacement strategies,
- Investment analysis and allocation,
- Tax incentive concepts and
- Estate planning concerns and strategies.

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

#### **Corporate Retirement Plan Consulting Services**

There are two distinct ways to engage SFSI for Corporate Retirement Plan Consulting;

through an ongoing regular fiduciary advisory and consulting engagement and/or for project-related services. Examples of project-related work might include: requests for proposal (RFP) vendor and advisor searches, Plan conversion quarterbacking to a new platform, fund menu analysis and redesign, fee benchmarking and restructuring including vendor renegotiation, Plan design consultation and new Plan startup planning strategy and guidance, and employee financial planning workshops and seminars. Generally, the Corporate Retirement Plan Consulting fee is established by considering the size of the plan in assets and the number of participants, asset flow, the number of company plans, the complexity and breadth of the services being rendered and the extent of the engagement and required services. In addition, fees can vary based on the extent and level of SFIS's fiduciary status in relation to the Plan under ERISA 3(21) and 3(38).

As full compensation for its services, SFIS receives a negotiated fee, which may be based on a percentage of assets under advisory management, a fixed fee, and under specific circumstances an hourly rate. The specific manner in which fees are charged by SFIS is established in a client's written agreement with SFIS. Generally, Retirement Plan Consulting fees are billed on a quarterly basis in advance and in some circumstances in arrears each calendar quarter, as specified by agreement.

SFIS's fees are separate and distinct from all other fees that may be charged to operate and administer a Plan. Examples of other fees that Plans may incur include: custodial fees, trustee fees, recordkeeping and operational fees charged by the vendor and third party administrative fees, legal fees, audit fees, and investment management fees. All of these operational and administrative fees are completely separate from and in addition to SFIS's advisory and consulting fee. In some cases the Plan Sponsor pays the fees directly to the service provider which may include SFIS. In other cases, the Plan pays the provider fees from Plan assets which essentially means the participants bear the cost of maintaining the Plan. In some cases fees are paid utilizing a combination of both approaches. Part of SFIS's consulting services is to educate the Plan Sponsor on the fees incurred, disclose the fees and help determine the reasonableness of the fees by conducting thoughtful discussion around how the fees should be paid.

For ongoing engagements, fees are typically charged quarterly in advance on an ongoing basis. For one time projects, 50% of the fee is charged up-front and is non-refundable with the remainder due upon completion of the project. Additionally, a fee ranging from \$175 to \$350 per hour can be charged for special activities and projects. All fees are determined in advance and prior to signing the agreement.

### **Individual Financial Plan Consulting**

A base fee of \$2,500 is generally the minimum fee charged to develop a comprehensive financial plan (the "Plan"). Financial Planning fees are typically a fixed amount but may be based on an hourly fee. This fee can increase depending on the complexity of the Plan being developed. The complexity of a Plan is determined by the type of plan the client requests. For one time projects, 50% of the fee is charged up-front and is non-refundable with the remainder due upon completion of the project. For ongoing engagements, fees are charged quarterly in advance on an ongoing basis. All Plans are completed within 6 months of the engagement and all fees are agreed upon prior to the signing of the agreement.

Additionally, a fee ranging from \$175 to \$350 per hour can be charged for special activities and projects. If the client terminates the agreement prior to completion of the Plan, services provided through the termination date must be paid upon receipt of the invoice. The agreement continues until it is terminated by either party by giving written notice to the other, which can be received in email form. SFSI prepares client specific bills following the terms in the signed agreement and mails and or emails the bill directly to the client for payment. SFSI does not accept cash or credit card payments and cannot deduct the bill from any type of client account.

### **Other Fees and Compensation**

Life, disability and long term care products recommended in the financial plan developed for clients of SFSI may be purchased through the General Agent, typically resulting in a commission being received by the General Agent for the services related to searching, analyzing, structuring and working with underwriting to issue the policy. This is separate

from a fee paid by the client for the development of the Financial Plan.

In addition to the fixed fee charged to clients for a financial plan, a client may elect to open an investment account that may result in a fee-based investment advisory account: managed portfolio by SFSI or a commission-based brokerage account. Each of these scenarios is outlined in Item 10.

Clients are under no obligation to effect purchases or trades through the General Agent and/or Representative that has provided their Financial Plan and should understand the conflicts of interest as outlined in Item 10.

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

SFSI does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or side-by-side management fees (where competing fee arrangements may create a conflict in the advisory services offered to clients).

### **Item 7 – Types of Clients**

SFSI provides retirement plan consulting to defined contribution and defined benefit plans, both qualified and non-qualified. Financial planning services are offered to individuals, families, trusts, estates, charitable organizations, foundations and corporations.

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

SFSI provides Retirement Plan Investment Committees and individual financial planning clients with insight into investment principles and practices that are educational and informative, especially in volatile markets when performance can fluctuate dramatically. SFSI's investment discipline is an analytical approach with a qualitative overlay that generally emphasizes diversification, asset allocation and risk management. With a combination of technology, research and experience, SFSI searches the universe of available managers, mutual funds, investments and securities considering areas such as:



- Overall returns, return consistency, expected returns and risk-adjusted returns
- Peer group comparisons and manager history, including investment objectives, philosophy, guidelines and expense ratios.
- Index and benchmark performance standards

Portfolio construction considers sectors relative to benchmarks and industries, and risk relative to benchmarks. Investing in securities involves risk of loss that Plans and clients must understand and be prepared to bear. Recommended investment strategies tend to center on long-term investing that will generally follow a buy and hold strategy, updated periodically to reflect changes in the Plan's or the client's investment objectives and/or risk tolerance.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of SFSI or the integrity of the Firm's management. SFSI has no information applicable to this Item.

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

SFSI employees may also be Registered Representatives of Cambridge Investment Research, Inc. (CIR), member Financial Industry Regulatory Authority (FINRA) and the Securities Investors Protection Corporation (SIPC), and may also be Advisory Representatives of Cambridge Investment Research Advisor (CIRA), a federally-registered investment advisory firm. Clients of SFSI whose assets are invested in shares of mutual funds through CIR or mutual fund transactions going direct to the fund where CIR is indicated as the broker-dealer of record, will pay an investment management fee through the mutual fund in addition to the fee for development of the Financial Plan. Some funds may charge 12(b)-1 fees that are typically set by the investment company at 0.25% and some may be in excess of 0.25%. Some funds may also charge front and back end loads. For non fee-based accounts, there may also be brokerage transaction fees for the purchase or redemption of shares. In addition, employees of SFSI, through their affiliation with CIR,

may receive a portion of the management and administrative fees charged to clients by third-party investment advisers. SFSI clients who are in fee based accounts held at CIRA, will have 12(b)-1 fees credited back to their account. The Representative may receive such revenue for managed portfolios through CIRA based on a percentage of assets, in addition to any financial planning fee that may have previously been paid to SFSI by the client.

In some situations, a brokerage relationship may be preferable or compliment an advisory relationship, depending on specific client needs. Clients who have a Plan prepared by SFSI should note that they are under no obligation to establish accounts or purchase securities through CIR, and that transaction charges may be higher or lower than the charges the client may pay if the transactions were executed at other broker-dealers. However, SFSI generally does not and rarely if at all enters into transactional relationships with their clients, as portfolio management clients are fee-based through CIRA.

SFSI is also a Minnesota-registered insurance agency and employees also act as licensed insurance agents, selling life, disability, long term care and fixed annuities. Insurance purchases through SFSI agent's result in commissions paid to the agency and/or agents, in addition to the advisory fees that may be paid by the client. Clients are under no obligation to purchase insurance products through SFSI.

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

SFSI has adopted a Code of Ethics for all employees describing its high standard of business conduct, and our fiduciary duty to clients. SFSI acknowledges the fiduciary duty that is our responsibility according to both the Advisers Act, as well as the more recent DOL Fiduciary Rule. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at SFSI must acknowledge the terms of the Code of Ethics annually, or as amended.

SFSI anticipates that, in appropriate circumstances, it will cause accounts over which SFSI has advisement authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which SFSI clients or employees, directly or indirectly, have a position of interest. SFSI employees are required to follow SFSI's Code of Ethics. Subject to satisfying this policy and applicable laws, employees of SFSI may trade for their own accounts in securities which are recommended to SFSI clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of advisory employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interests of clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a Plan or client in a security held by an employee. Employee trading is monitored to reasonably prevent conflicts of interest between SFSI and its clients.

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Susan M. Stiles at 952-988-0452 or [susan@stilesfinancial.com](mailto:susan@stilesfinancial.com).

## **Item 12 – Brokerage Practices**

Investment assets of Financial Planning clients must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. SFSI may recommend a custodian or a broker-dealer that will hold client assets and execute transactions on terms that are, overall, considered advantageous when compared to other available providers and their services. SFSI typically considers a wide range of factors, including, among others:

- Capability to execute, clear, and settle trades
- Reputation, financial strength, and stability
- Quality of services

- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices

Clients who have had a Financial Plan prepared by SFSI may choose to execute the asset allocation strategies and ranges recommended in the Plan through CIR or CIRA. Clients should note that they are under no obligation to establish accounts or purchase securities through CIR or CIRA, and that transaction charges or management fees may be higher or lower than the charges the client may pay if the transactions were executed elsewhere.

A discussion of Brokerage Practices is not relevant to SFSI's Corporate Retirement Plan Consulting Services.

### **Item 13 – Review of Accounts**

For Corporate Retirement Plan Consulting Services, SFSI employs a best-practices fiduciary process in developing and presenting Plan reviews that are delivered quarterly, semi-annually or annually. SFSI's fiduciary plan reviews follow a standardized format that is outlined in the agreement entered into with the Plan Sponsor. These review reports include thorough investment analysis and monitoring, fee disclosure and benchmarking, economic and financial market commentary, and an overview of plan statistics, data and information regarding management of the Plan. These review reports are presented to the Retirement Plan Committee representing the Plan Sponsor. SFSI follows a fiduciary best practices model in developing and presenting formal Plan reviews.

A discussion related to Review of Accounts is not relevant to SFSI's Individual Financial Plan Consulting Services.

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

SFSI does not participate in any referral arrangements or accept revenue sharing with custodians or plan platform sponsors.

## **Item 15 – Custody**

Custody is a term used to describe the role of the entity that maintains and reports on investment assets held in separate client accounts. These services are typically provided by brokerage firms or banks. The role of a qualified custodian is highly specialized, independently protecting each client's assets in a role that compliments the responsibilities of an advisory firm like SFSI.

SFSI does not provide custody but develops Plan or client reports and periodic reviews from the information provided by custodians and/or broker-dealers. SFSI urges all clients to carefully and regularly review official custodial records and statements.

## **Item 16 – Investment Discretion**

SFSI contractually receives discretionary authority. With discretionary authority, SFSI will have authorization to execute investment decisions without prior approval from the Plan. This is known as a Section 3(38) investment manager. Alternatively, SFSI may be contracted in a co-fiduciary status where the Plan Sponsor/Trustee retains ultimate decision-making authority for the investments in a Plan and may accept or reject the recommendations provided by SFSI. This is known as a Section 3(21) investment manager. In both cases, an investment policy statement is generally executed and approved by the Retirement Plan Benefits Committee and provided to SFSI.

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

SFSI does not vote proxies.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide the client with certain financial information or disclosures about their respective Firm's financial condition. SFSI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Biography Supplement – Form ADV Part 2B for Susan M. Stiles, born 1959**

### **Education and Professional Designations**

Susan M. Stiles graduated from Cornell University, Johnson School of Management with a MBA in Finance and Accounting in 1991 and from Cornell University, School of Hotel Administration with a BS in 1981.

Ms. Stiles attained her CFP® (Certified Financial Planner) designation in 1997. This is a certification awarded by the Certified Financial Plan Board of Standards. To earn the CFP® certification, candidates must: (1) have an associate's degree (or higher) from an accredited college or university; (2) have at least three years of full-time personal financial planning experience, and (3) must complete a CFP® board registered program. To maintain the designation, 30 hours of continuing education are required every two years including 2 hours of code of ethics education.

Ms. Stiles attained her Chartered Financial Consultant™ (ChFC®) designation in July 2007. This designation is awarded by The American College and requires three years of full-time business experience within the preceding five years and the completion of nine courses (that are the equivalent of 27 semester credit hours) with a final closed-book exam for each course. 30 hours of continuing education are required every two years.

Ms. Stiles earned the Accredited Investment Fiduciary™ (AIF®) in 2006. This is a designation offered and recognized by the Center for Fiduciary Studies. Candidates must meet a point-based threshold based on a combination of education, relevant industry experience and/or professional development. Each candidate must complete an educational program and pass a final exam. To maintain this designation, six hours of continuing education are required per year.

### **Business Experience**

- Stiles Financial Services Incorporated as President since 2000.
- Landmark Financial Advisors as a Partner from March 1999 to July 2000.

- Symmetric Investments, Inc. as a Financial Advisor from April 1993 to March 1999.

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Other Business Activities**

Ms. Stiles is also a Registered Representative with Cambridge Investment Research, Inc. (member FINRA/SIPC) and an Investment Adviser Representative with Cambridge Investment Research Advisors.

Ms. Stiles is also a Minnesota-licensed insurance agent with SFSI.

### **Additional Compensation**

Ms. Stiles may receive commissions for trades executed or insurance products purchased through the broker-dealer and/or insurance company with whom she is registered.

### **Supervision**

Ms. Stiles, as President and Chief Compliance Officer is responsible for the activities and operation of the Firm. She should be contacted directly with any questions at the mailing address, email address or contact information provided on the cover of this Brochure.

## **Biography Supplement – Form ADV Part 2B for Daniel P. Stolf, born 1972**

### **Education and Professional Designations**

Daniel P. Stolf graduated from William Mitchell College of Law with a JD and a Master of Laws degree in 1999 and from University of Wisconsin-Madison with a BS in History and English in 1994.

Mr. Stolf attained his CFP® (Certified Financial Planner) designation in 2004. This is a certification awarded by the Certified Financial Plan Board of Standards. To earn the CFP® certification, candidates must: (1) have an associate's degree (or higher) from an accredited college or university; (2) have at least three years of full-time personal financial planning experience, and (3) must complete a CFP® board registered program. To maintain the designation, 30 hours of continuing education are required every two years including 2 hours of code of ethics education.

### **Business Experience**

- Stiles Financial Services Incorporated as Financial Planner since November 2016.
- Stolf Private Wealth as a Financial Planner from January 2015 to October 2016.
- Anchor Bank as a Financial Planner from August 2013 to December 2014.
- Merrill Lynch as a Financial Planner from June 2006 to August 2013.

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.



### **Other Business Activities**

Mr. Stolfi is also a Registered Representative with Cambridge Investment Research, Inc. (member FINRA/SIPC).

### **Additional Compensation**

Mr. Stolfi may receive commissions for trades executed through the broker-dealer with whom he is registered.

### **Supervision**

Ms. Stiles, as President and Chief Compliance Officer is responsible for the activities and operation of the Firm. She should be contacted directly with any questions about Mr. Stolfi's activities for Stiles Financial Services Incorporated at the mailing address, email address or contact information provided on the cover of this Brochure.

## **Biography Supplement – Form ADV Part 2B for Paul E. Tichy, born 1961**

### **Education**

Paul E. Tichy graduated from DePaul University with a MBA in 1992 and from Northwestern University with a BA in 1984.

### **Business Experience**

- Stiles Financial Services Incorporated as Investment Analyst and Portfolio Manager since May 2016.
- Fisher Investments as a Regional Vice President from March 2015 to March 2016.
- Anchor Bank as a Private Wealth Advisor from 2013 to 2014.
- Merrill Lynch as a Financial Advisor from 2011 to 2013.
- Cowen & Company in Institutional Sales from 2010 to March 2011.
- RBC Capital Markets Corporation in Institutional Sales from 2009 to 2010.
- Merrill Lynch in Institutional Sales from 2003 to 2009.

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Other Business Activities**

Mr. Tichy is also a Registered Representative with Cambridge Investment Research, Inc. (member FINRA/SIPC).

### **Additional Compensation**

Mr. Tichy may receive commissions for trades executed through the broker-dealer with whom he is registered.

### **Supervision**

Ms. Stiles, as President and Chief Compliance Officer is responsible for the activities and operation of the Firm. She should be contacted directly with any questions about Mr. Tichy's activities for Stiles Financial Services Incorporated at the mailing address, email address or contact information provided on the cover of this Brochure.

## **Brochure Supplement – Privacy Policy and Practices of Stiles Financial**

**Protecting the privacy of the investor is important to us. This notice describes the practices and policies through which we maintain the confidentiality and protect the security of your non-public personal information.**

### **Gathering Information**

In the course of providing services to you, we may collect “non-public personal information” about you. This may include information we receive from you on suitability questionnaires, subscription agreements or other forms, such as your name, address, social security number and birth date. As well, we may collect information about your investment transactions with us and others, as well as other account data.

“Non-public personal information” is non-public information about you that we obtain in connection with providing a financial product or service to you, such as the information described in the above examples.

### **Disclosing Information**

We do not disclose non-public personal information about you or any of our former clients to anyone, except as permitted by law. We are permitted by law to share any of the information we collect in the normal course of serving clients with companies that perform various services such as custodians and broker-dealers. These companies will use this information only for the services for which we hired them and as allowed by applicable law.

### **Confidentiality and Security Procedures**

To protect your personal information, we permit access only by authorized personnel. We maintain physical, electronic and procedural safeguards that comply with federal standards to protect the confidentiality, integrity and security of your non-public personal information.

We will continue to adhere to the privacy policies and practices in this notice even after your contract has been terminated.

### **Questions**

For questions about our policy, or additional copies of this notice, please contact our office at (952) 988-0452 or contact Susan M. Stiles at [susan@stilesfinancial.com](mailto:susan@stilesfinancial.com).