

# Financial Symmetry Inc.

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This brochure was last updated on January 31, 2017.

This brochure provides information about the qualifications and business practices of Financial Symmetry Inc. (which may also be referred to from here forward as FSI). If you have any questions about the contents of this brochure, please contact us at 919-851-8200. 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 FSI is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Financial Symmetry is 118443.

Registration with the SEC and other state securities authorities as a registered investment adviser does not imply a certain level of skill or training.

## Item 2: Summary of Material Changes

We've summarized below the changes to this document since it was last updated on May 11, 2016.

We now offer 3 services: hourly financial planning, continuous service and small business 401(k) advice. Changes were made in the following sections to describe this: Item 4, 5, 7, 8, 12, and 13.

Under Item 4, you will also notice updates to the total number of clients we work with and the total amount of assets we manage since our last update in 2016.

Under Item 13, you will notice a new advisor and updates to the amount of clients that each advisor is responsible for.

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# Item 4: Advisory Business

## OUR FIRM'S HISTORY

Financial Symmetry Inc. was formed in late 2001 by Bill Ramsay with a goal to provide FSI's clients with objective financial advice. In recent years, we've added other advisors and now have seven partners who are dedicated to the fiduciary principle that the client's best interest should remain paramount at all times.

## OUR PRINCIPAL OWNERS

The owners of FSI are Bill Ramsay, Chad Smith, Allison Berger, Will Holt, Mike Eklund, Heather Gudac and Cameron Hendricks. All major decisions of a strategic and administrative nature for the firm are undertaken by FSI's Executive Team, which consists of our seven owners.

## AMOUNT OF ASSETS UNDER ADVISEMENT

As of December 31, 2016, FSI provided advice on approximately \$275,000,000 of financial assets for approximately 360 family groups. All assets are managed on a non-discretionary basis.

## ADVISORY PROGRAMS (TYPES OF SERVICES) OFFERED

FSI offers two service levels for our clients:



**Financial Planning** – We begin most of our client relationships with a Financial Planning arrangement. This planning engagement will include one or more of the following areas: Goal Planning, Cash Flow Planning, Debt Management, Risk Management, Tax Planning, and Estate Planning. These Financial Planning Services are generally delivered upon client engagement for such services, with planning issues prioritized and then addressed, either all at one time or over the course of several meetings.



**Continuous Service** – Our continuous service relationship takes in to account your entire financial situation to help you reach your goals. With this service, we offer annual financial plan updates, cash flow management, tax planning, tax return reviews, continuous investment management, and estate reviews.

Since your financial situation is dynamic, additional services can be added as as needed:

- Tax return preparation\*
- College planning
- Social security analysis
- Medicare analysis
- Insurance analysis
- Employee benefit analysis
- Debt management advice
- Financial coaching on other financial matters


*\*Tax Returns (additional cost): We complete tax returns for a number of our continuous service clients. Please discuss with your financial advisor for an estimated cost for your personal situation.*



**Small Business 401(k) Advice** – With this service, we serve as a Limited-Scope 3(21) Fiduciary Investment Advisor for corporate 401(k) plans. We do not have discretion over plan assets and solely provide counsel and guidance to the Plan, while maintaining a fiduciary standard-of-care. Under this service agreement, Financial Symmetry researches, evaluates and recommends plan investment choices and may provide education materials to participants as well as participant consultations if requested at our hourly rate. For the 3(21) advisor service we charge hourly with current rates ranging from \$40–\$200 per hour.

# Item 5: Fees and Compensation

 **Financial Planning** – Our typical plan cost is between \$500–\$1,000 but may be higher depending on level of complexity. In most cases it is conducted on an hourly fee basis. Our current hourly rates range from \$40 to \$200.

 **Continuous Service** – Our fees are calculated as a percent of your portfolio assets according to the following table, with a minimum annual fee of \$2,400. Fees are billed quarterly in arrears based on the end of quarter value and are prorated for partial quarters.

From	To	Annual Rate
\$0.00	\$1,000,000.00	0.85%
\$1,000,000.00	\$2,000,000.00	0.70%
\$2,000,000.00	\$3,000,000.00	0.55%
\$3,000,000.00	and up	0.40%

*\*\*Fees may be deducted from clients' accounts where appropriate and applicable, and/or paid by personal check by the client following receipt of an invoice.*


All fees paid to FSI for financial planning services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Mutual fund expenses are generally described in each fund's prospectus. These expenses will generally include a management fee, other fund expenses, and possibly a distribution fee.


Clients may incur transaction fees in connection with trading of mutual fund, ETF, individual stock and bonds, which are charged by the custodian (brokerage firm holding the client's assets for safekeeping). Mutual fund transaction fees charged by our recommended custodians, PERSHING, LLC, generally vary from \$12 to \$25 for each purchase and sale transaction. The transaction costs for stock and bond trades vary. For a discussion of our practice in recommending brokers (custodians) to our clients and negotiating brokerage fees on their behalf, please see Item 12.

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

Item 6 is inapplicable to FSI. FSI does not accept performance-based fees, nor manage accounts which impose performance-based fees, nor does FSI manage hedge funds.

# Item 7: Types of Clients

 **Financial Planning** – Our typical financial planning client has one or more immediate financial questions pertaining (but not limited) to retirement, a new home purchase, the birth of a child, a new car purchase, tax savings, amounts they should be saving and/or spending, investment portfolio, college savings, insurance, and estate planning. Clients with more complicated situations typically begin with this service level and then move on to our continuous services.

 **Continuous Service** – Clients using our continuous service are trying to balance their growing investment accounts with the many complexities that come with this situation. They may have been building wealth their entire career or just received an inheritance. This abundance of resources often brings up questions regarding tax efficiency, estate taxes, legacy planning, withdrawal strategies, and cash flow management. These clients are made up of a diverse mix of income earners and age groups. They are looking for ways to evaluate their investment needs, develop and implement optimal investment strategies, become aware of anything they may be missing, and cope with the ever-growing complexities of the financial markets.

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

FSI's investment committee meets monthly to discuss our Long-Term Investment Outlook and decide what criteria to use when reviewing each client's investments. FSI's investment team commits considerable research time to uncover what we feel are broad mispricings in the markets that can be exploited to the benefit of our clients. There are two categories that are used:

Broad – this determines where FSI would like to be positioned at a given time within each of our client's asset allocation ranges.

Specific – FSI typically will have at least a couple of themes within each asset class that we seek to take advantage of. Examples include determining the specific percentage breakdown between US and Foreign holdings, or the concentration of long-term bonds vs. short-term bonds. We regularly review these themes in light of market conditions as we do not believe that we should be rigid in our thinking – no investment is a great investment at any price

These recommendations are then applied to each client's portfolio on a quarterly basis. Upon using our continuous service model, each client will have ranges for their asset classes that are derived from the client's risk capacity and risk tolerance. Each client's risk preferences are a combination of the amount of their investment assets, future expected cash flows, and discussions with their FSI Advisor.

Mutual funds are the primary investment vehicle FSI recommends to clients. Our security selection process helps to identify characteristics common to above average fund managers, which FSI believes can contribute additional value to a client's investment portfolio. Some of these characteristics include: independence, reasonable costs, focus on investing not marketing, culture of the firm, and manager tenure and experience.

There are times when FSI will use investments other than mutual funds, particularly for cash alternatives, and when someone holds investments that would incur significant taxes and/or fees (i.e. an annuity) if they were sold.

There are also times when FSI will recommend index funds, typically when we do not feel there is enough inefficiency in a given area for an active manager to exploit.

Investing in securities involve the risk of loss which FSI's clients should be prepared to bear. FSI's investment recommendations seek to limit risk through diversification and proprietary risk/return modeling.

## Item 9: Disciplinary Information

FSI has no legal or disciplinary events to disclose under the guidelines for such disclosure promulgated by the U.S. Securities and Exchange Commission.

## Item 10: Other Financial Industry Activities and Affiliations

No employee of FSI has financial industry activities or affiliations that would create a material conflict of interest.

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

FSI's fiduciary duty compels all employees to act with the utmost integrity in all of our dealings and to minimize and/or avoid any actual or perceived conflict with our clients. The interests of our clients will always be placed ahead of the firm's or any employee's own investment interests. Employees are expected to not divulge information regarding FSI's securities recommendations or client securities holdings to any individual outside of the firm except as necessary to maintain or service a client's account or if requested by the client. Any new employees must acknowledge they have read and understand and agree to comply with the FSI compliance policy manual.

## PERSONAL TRADING POLICY

Employees are expected to purchase or sell a security (not including mutual funds or Government obligations) for their personal accounts only after trading of that same security has been completed in client accounts. Employees are required to report non-exempt securities transactions and holdings for all accounts in which the employee has a direct or indirect beneficial ownership interest. FSI keeps reports for all personal transactions in non-exempt securities made by employees and/or copies of brokerage confirmations and statements. FSI typically verifies all trades executed within 48 hours of the trade date. Trade execution and trade verification are separate processes, and involve different team members.

Employees are encouraged to conduct their personal transactions within the following types of securities:

1. Shares of open-end mutual funds
2. Shares of any money market fund;
3. Direct obligations of the United States Government
4. Money market instruments, including bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt.

## Item 12: Brokerage Practices

For general brokerage accounts, we currently suggest that clients hold their assets at Pershing, LLC. They have interfaces that allow us to get automated data feeds for our reporting and allow us to execute transactions through their website. Pershing, LLC provides regular account statements to each account holder. We encourage each of our clients to carefully review the account statements they receive from the qualified custodian, and to compare those statements to the portfolio statements our firm provides. We will also recommend that clients hold assets directly with certain mutual fund companies. We constantly review the relationships between clients, custodians and the Company, striving to achieve the best balance between cost, convenience, service and flexibility. We recommend changing custodians when we feel it is appropriate. Participation in the custodians programs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

## Item 13: Review of Accounts



**Continuous Service** – Account reviews are conducted at least as often as quarterly. The triggers for review are:

1. Quarterly report cycle – all clients are on a quarterly cycle, not all are calendar quarters.
2. Significant cash flow for a particular client. There are not set parameters, the advisor must judge whether a large flow is significant in light of the client's particular situation.
3. Significant change in FSI's long-term investment outlook.
4. Change in a preferred security's status requiring immediate change.

The client's advisors will conduct reviews of the entire client's managed holdings to determine that their allocations and holdings are in line with their specific allocation targets, our long-term investment outlook, our preferred holdings to the extent practical, and any considerations that are unique to the particular client being reviewed. FSI also provides quarterly statements showing summaries of their portfolios including performance, values and transactions.

William Ramsay, CFP®, Chad Smith, CFP®, Allison Berger, CFP®, Will Holt, CFP®, Mike Eklund, CFP®, Cameron Hendricks, CFP®, Grace Kvantas, CFP® and Grayson Blazek, CFP® serve as advisors and conduct all client reviews. The company currently serves 360 clients with our continuous service. Two advisors are assigned to each client relationship, with the number of clients responsibilities totalling 132 for Ramsay, 138 for Smith, 122 for Berger, 93 for Holt, 88 for Eklund, 94 for Hendricks, 76 for Kvantas and 66 for Blazek.

## Item 14: Client Referrals and Other Compensation

FSI does not provide to or accept compensation from any person for client referrals. Referrals to other professionals may be undertaken where appropriate to meet the client's needs.

Advisors of FSI will occasionally attend conferences paid for by mutual fund houses to further their understanding of the research process behind the operation. These occasions give the Primary Advisor the opportunity to investigate the business of the specific fund family and also gain insight to investment styles of individual managers. This is done infrequently to minimize conflicts of interest.

## Item 15: Custody

It is our policy to not accept custody of a client's securities. In other words, we are not granted access to our clients accounts which would enable us to withdraw or transfer or otherwise move funds or cash from any client account to our accounts or the account of any third party (other than for purposes of fee deductions, as explained below).

With a client's consent, FSI may be provided with the authority to seek deduction of FSI's fees from a client's accounts; this process generally is more efficient for both the client and the investment adviser.

## Item 16: Investment Discretion

FSI manages all client accounts on a non-discretionary basis, though sales can be made without client consent to cover withdrawals typically from checks written by clients, for management fees due, electronic debits submitted by clients or for retirement account withdrawals.

## Item 17: Voting Client Securities

As a matter of firm policy and practice, FSI does not accept authority to vote proxies on behalf of clients.

## Item 18: Financial Information

FSI does not solicit the prepayment of client fees. Additionally, FSI has never been the subject of a bankruptcy proceeding.