

Main Street Financial Life Advisors, LLC

SEC File Number: 801 – 60820

ADV Part 2A, Firm Brochure Dated: March 30, 2017

Contact: J. Joseph Roman, Chief Compliance Officer
212 W. Route 38, Suite 600
Moorestown, New Jersey 08057
www.Mainstreetia.com

This brochure provides information about the qualifications and business practices of Main Street Financial Life Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (856) 234-3550 or JRoman@Mainstreetia.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Main Street Financial Life Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Main Street Financial Life Advisors, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

Main Street Financial Life Advisors, LLC (the “Registrant”) has changed its legal name from Main Street Investment Advisors, LLC.

The Registrant has entered into a relationship with United Capital Financial Advisers, LLC (“United Capital”) under its FinLife Partners program. Under the FinLife Partners program, United Capital provides the Registrant with resources and a technology platform which may be used in conjunction with Registrant’s Financial Guidance services, an enhanced financial planning service. In addition, United Capital may be utilized by the Registrant in a sub-advisory capacity. For more information about the Registrant’s Financial Guidance services and the Registrant’s relationship with United Capital, *See* Item 4 below.

There have been no further material changes made to this Brochure since the Registrant’s last Annual Amendment filing made on March 28, 2016.

ANY QUESTIONS: Main Street Financial Life Advisors’ Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that an existing or prospective client may have regarding this Brochure.

Item 3 Table of Contents

| | | |
|---------|--|----|
| Item 1 | Cover Page..... | 1 |
| Item 2 | Material Changes..... | 2 |
| Item 3 | Table of Contents..... | 2 |
| Item 4 | Advisory Business | 3 |
| Item 5 | Fees and Compensation | 10 |
| Item 6 | Performance-Based Fees and Side-by-Side Management | 13 |
| Item 7 | Types of Clients..... | 13 |
| Item 8 | Methods of Analysis, Investment Strategies and Risk of Loss..... | 13 |
| Item 9 | Disciplinary Information | 14 |
| Item 10 | Other Financial Industry Activities and Affiliations | 14 |
| Item 11 | Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... | 16 |
| Item 12 | Brokerage Practices | 17 |
| Item 13 | Review of Accounts..... | 21 |
| Item 14 | Client Referrals and Other Compensation | 21 |
| Item 15 | Custody..... | 22 |
| Item 16 | Investment Discretion..... | 23 |
| Item 17 | Voting Client Securities..... | 23 |
| Item 18 | Financial Information | 23 |

Item 4 Advisory Business

- A. Main Street Financial Life Advisors, LLC (the “Registrant”) is a limited liability company formed on May 3, 1999 in the State of New Jersey. The Registrant became registered with the United States Securities and Exchange Commission as an Investment Adviser Firm on December 21, 2001. The Registrant is principally owned by J. Joseph Roman, who is the Registrant’s Managing Member and Chief Compliance Officer.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates, pension and profit sharing plans and charitable organizations, etc.) investment management services, and, to the extent specifically engaged to do so, financial planning, tax, insurance, and accountancy consulting services.

INVESTMENT MANAGEMENT SERVICES AND FINANCIAL GUIDANCE

The Registrant may be engaged to provide discretionary and/or non-discretionary investment management services on a *fee-only* basis. Before Registrant provides investment management services, an investment adviser representative will ascertain each client’s investment objectives. The Registrant will then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives. The Registrant’s annual investment management fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management.

As part of this service offering the Registrant utilizes a suite of digitally powered technology solutions offered by FinLife Partners, a division of United Capital Financial Advisers, LLC (“FinLife Partners”). FinLife Partners provides the Registrant with access to a technology platform that includes certain clerical document and data compilation services. FinLife Partners is not in any way involved in, or responsible for, the individual investment management or guidance provided to Registrant’s clients. (*See* FinLife Partners Service Offering discussion and conflicts disclosure below)

INVESTMENT MANAGEMENT SERVICES ONLY

For those clients who wish to engage the Registrant to provide discretionary and/or non-discretionary management services but do not want the Registrant’s Financial Guidance service component, the Registrant may be engaged to provide investment management services only. The Registrant’s annual investment management fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management.

FINANCIAL GUIDANCE SERVICES ONLY

To the extent requested by a client, the Registrant may provide Financial Guidance services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s Financial Guidance fees range from 0.50% to negotiable, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Before engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Guidance Service Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the

scope of the services to be provided, and the portion of the fee that is due from the client before Registrant commences services.

The Registrant's Financial Guidance services are generally delivered through the Guidebook and utilize a suite of digitally powered technology solutions offered by FinLife Partners. FinLife Partners provides the Registrant with access to a technology platform that includes certain clerical document and data compilation services. FinLife Partners is not in any way involved in, or responsible for, the individual investment management or guidance provided to Registrant's clients.

The digital solutions mentioned above may include, but are not necessarily limited to, the following services (not all services are offered or applicable to all clients):

- Money Mind® Analyzer:
Help to identify and understand your dominant Money Mind®.
- Honest Conversations®:
Help to create a clearly defined set of priorities, in an effort to help improve financial life decisions.
- Financial Control Scorecard®:
Assess if you are on track to meet your financial life goals.
- A net worth summary
- A portfolio snapshot
- Financial goals review and analysis
- Portfolio construction (recommending appropriate investment strategies)
- Asset allocation recommendations
- Consolidated financial summaries

FINANCIAL PLANNING AND CONSULTING SERVICES

The Registrant may provide financial planning and/or consulting on a stand-alone separate fee basis. Registrant's planning and consulting fees are negotiable, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Before engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before Registrant commences services.

Please note: When engaged to provide either Financial Guidance Services or Financial Planning and Consulting Services, on a separate stand-alone basis, the Registrant may recommend the services of other professionals for implementation purposes, including J. Joseph Roman, in his separate and individual capacity as a Certified Public Accountant, and/or Mark Sulpizio, in his separate and individual capacity as a licensed insurance agent (see disclosures at Item 10.C.). The client is under no obligation to engage the services of any such recommended professional and retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

However, if the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's

responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

COMPREHENSIVE REPORTING

The Registrant may also provide comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by the Registrant (the "Excluded Assets"). The client and/or their other advisors that maintain trading authority, and not the Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets. The Registrant's service relative to the Excluded Assets is limited to reporting and non-discretionary consulting services only, which does not include investment implementation. The Registrant does not have trading authority for the Excluded Assets. As such, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not the Registrant, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that the Registrant provide non-discretionary investment management services (whereby the Registrant would have trading authority) with respect to the Excluded Assets, the client may engage the Registrant to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between the Registrant and the client.

Schwab Institutional Intelligent Portfolios™ Program

As part of its investment advisory services described above, when consistent with a particular client's investment objectives, Registrant may recommend allocating investment assets to the Institutional Intelligent Portfolios™ Program (the "Program"). The Program is an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. ("SWIA"). Through the Program, Registrant offers clients a range of investment strategies consisting of a portfolio of exchange traded funds ("ETFs") and a cash allocation. The client may instruct Registrant to exclude up to three ETFs from his/her/its portfolio. The client's portfolio is held in a brokerage account opened by the client at SWIA's affiliate, Charles Schwab & Co., Inc., a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC ("*Schwab*"). Registrant is independent of and not owned by, affiliated with, or sponsored or supervised by SWIA or *Schwab*. The Program is further described in the Schwab Wealth Investment Advisory, Inc. Institutional Intelligent Portfolios™ Disclosure Brochure (the "Program Disclosure Brochure"), which is delivered to clients by SWIA during the online enrollment process.

For clients engaged in the Program, Registrant, and not *Schwab* or SWIA, remains the client's investment adviser and primary point of contact with respect to the Program. Registrant and not *Schwab* or SWIA maintains sole responsibility for: helping the client determine whether allocating investment assets to the Program is appropriate, based on the client's particular financial circumstances and investment objectives; choosing a suitable investment strategy and portfolio for the client's investment objectives; and managing that portfolio on an ongoing basis. SWIA's role is limited to delivering the Program Disclosure Brochure to clients and administering the Program so that it operates

as described in the Program Disclosure Brochure. Registrant has contracted with SWIA to receive access to the technology platform and related trading and account management services for the Program. This platform enables Registrant to make the Program available to clients online and includes a system that automates certain key parts of the investment process (the “System”). The System includes an online questionnaire that helps Registrant determine the client’s investment objectives, risk tolerance, and select an appropriate investment strategy and portfolio. Clients should note that Registrant will recommend a portfolio via the System in response to the client’s answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but Registrant then makes the final decision and selects a portfolio based on all the available information about the client. The System also includes an automated investment engine through which Registrant manages the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

United Capital Financial Advisers, LLC - Sub-Advisory Relationship

For certain client assets, the Registrant may outsource a portion of its investment management responsibilities to United Capital Financial Advisers, LLC (“UC”), an unaffiliated investment adviser, who serves as a sub-adviser. UC is granted limited discretionary investment authority over assets that the Registrant directs to UC. For the assets directed to UC for services, its responsibility includes the authority to:

- exercise discretion to determine the types of securities bought and sold, along with the percentage allocation
- apply its discretion as to when to buy and sell
- apply its discretion as to the timing of transactions
- select the broker-dealer for execution of securities transactions, if appropriate, and
- take other portfolio management actions the Registrant delegates or deems appropriate

UC sub-advisory authority applies only to the specific assets within the client’s custodial account, for which UC has been appointed as the sub-adviser. UC shall not provide investment advice, or have any advisory responsibility to the client, beyond the assets for which it is appointed as sub-adviser. The terms of services provided by UC are directed in accordance with a separate written agreement entered into between the Registrant and UC. UC also provides separate services to the Registrant under its division FinLife Partners, as described below.

FinLife Partners Service Offering

The Registrant utilizes a suite of digitally powered technology solutions offered by FinLife Partners, a division of United Capital Financial Advisers, LLC (“FinLife Partners”). FinLife Partners provides the Registrant with access to a technology platform that includes certain clerical document and data compilation services. FinLife Partners is not in any way involved in, or responsible for, the individual investment management or guidance provided to Registrant’s clients. The Registrant pays FinLife Partners a flat fee for its technology implementation services and fees calculated per percentage-basis formula in accordance with the volume of clients for whom the Registrant utilizes such services and/or products. Relating to the cost for services, the Registrant is financially incentivized to refer clients to UC, creating a conflict of interest.

Conflict of Interest. The Registrant has a financial incentive to engage *UC* as a sub-adviser and/or utilizing the services provided by FinLife Partners. When the Registrant refers clients to *UC* for sub-advisory services and/or utilizes the services provided by FinLife Partners it receives various incentives, including:

- The Registrant's control persons will receive warrants to purchase shares of *UC*'s parent company stock (United Capital Financial Partners, Inc.), if the Registrant directs a predetermined percent of its client assets to be sub-advised by *UC*, and places a predetermined percent of its clients into the Registrant's Financial Guidance Offering that utilizes FinLife Partners' technology solutions, which is described in the "FinLife Partners Service Offering" section below.
- Certain technology implementation fees incurred by the Registrant in connection with the Registrant's use of FinLife Partners' technology solutions will be waived if a predetermined number of the Registrant's clients subscribe to the Registrant's Financial Guidance services that utilize such technology solutions and *UC*'s sub-advisory services.
- If the Registrant does not utilize predetermined threshold volume of *UC*'s sub-advisory services or FinLife Partners' technology solutions, then the relationship with FinLife Partners may be terminated due to insufficient revenue generation.

No client is under any obligation to utilize *UC*'s sub-advisory services or FinLife Partners' technology solutions. If a client does not want to utilize *UC* for sub-advisory services or receive the Registrant's Financial Guidance Services that require access to the FinLife platform, the client may discuss alternative options with the Registrant.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by a client, the Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. **Please Note:** We **do not** serve as an attorney and no portion of our services should be construed as legal services. Accordingly, we **do not** prepare estate planning documents or tax returns. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc), including representatives of Registrant in their separate individual capacities as a licensed insurance agent or Certified Public Accountant ("CPA"). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives. **Please Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** The recommendation by Registrant's representative that a client purchase an insurance commission product through Registrant's representative in his separate and individual capacity as an insurance agent, presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular

client's need. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agencies/agents and/or engage an unaffiliated CPA to provide accounting services. **Registrant's Chief Compliance Officer, J. Joseph Roman remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client before, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning Agreement*.

Use of Mutual Funds. While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publically-available mutual funds that they could obtain without engaging Registrant as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging Registrant as an investment advisor, they would not receive the benefit of Registrant's initial and ongoing investment advisory services.

Independent Managers. The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager(s)* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives, for which Registrant shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Manager(s)* (between 0.45% and 1.00%).

Beyond 12th College Planning Services, LLC. Registrant's Principal, J. Joseph Roman, is the Managing Member of *Beyond 12th College Planning Services, LLC* ("*Beyond 12th*") a web based college planning service. *Beyond 12th* offers free informational workshops for parents and students geared towards the process of responsible college planning.

Envestnet Asset Management, Inc. Registrant has retained Envestnet Asset Management, Inc. ("Envestnet"), an unaffiliated registered investment advisor, to provide, either directly or indirectly, investment advisory and related online technology and program services to the Registrant and the Registrant's clients. Registrant has contracted with Envestnet to utilize the Envestnet technology platform to support performance reporting, fee calculation and billing, and other research and advisory services of Envestnet to assist Registrant in the screening, selecting and monitoring of investment managers, sub-advisers and funds available through the program.

Non-Discretionary Service Limitations. Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's consent.

Use of Dimensional Fund Advisors Mutual Funds: Many mutual funds are available directly to the public, without need to engage an investment professional. Others mutual funds, such as those issued by Dimensional Fund Advisors (“DFA”), are generally only available through registered investment advisers. Registrant utilizes DFA mutual funds. Thus, if the client was to terminate Registrant’s services, restrictions regarding transferability and/or additional purchases of, or reallocation among, DFA funds will apply. **Registrant’s Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above**

Account Aggregation Services. Registrant may provide its clients with access to an online account aggregation service. An aggregation service allows clients to view their complete asset allocation, including Excluded Assets. Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. **Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investment performance.** The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of an *Investment Advisory Agreement* between Registrant and the client.

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, revising Registrant’s previous recommendations and/or services.

Consulting Services. Registrant’s investment management is generally inclusive of any investment-related consulting services. In limited situations (i.e., non-investment management clients, and investment management clients that require a disproportionate amount of consulting services), Registrant may charge a fixed fee or hourly fee for investment-related consulting services, which shall be agreed upon before rendering the consultation services.

Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. The Registrant’s Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2016, the Registrant had \$113,360,341 in assets under management on a discretionary basis and \$10,846,046 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT MANAGEMENT AND FINANCIAL GUIDANCE SERVICES

If a client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between negotiable and 2.25%) as follows:

| Fee Schedule | | | |
|---------------------------------------|--|---|---|
| Client Assets Under Management | Cost for Investment Management & Financial Guidance | Cost for Investment Management Services Only | Cost for Financial Guidance Only |
| First \$100,000 | 2.50% | 2.25% | 1.00% |
| Next \$400,000 | 2.25% | 2.00% | 1.00% |
| Next \$500,000 | 1.75% | 1.50% | 0.75% |
| Next \$1,000,000 | 1.25% | 1.00% | 0.50% |
| Next \$3,000,000 | 1.00% | 0.85% | 0.40% |
| Next \$5,000,000 | 0.85% | 0.75% | 0.30% |
| Greater than \$10,000,000 | Negotiable | | |

The following information applies to the above Cost of Services Schedule:

1. The actual fee paid by each client is noted in an agreement executed between the Registrant and the client. As directed in the agreement, the costs agreed to may be higher or lower than the rates noted in the above schedule.
2. The client's total fee is a blended cost using these stepped rates.
3. The fee noted for Financial Guidance provides a general guideline used by the Registrant as a tiered rate multiplied by the client's assets for which the Registrant provides Financial Guidance. The client's assets may include their entire net worth, or a portion. The fee is negotiated individually with each client and therefore the actual rate charged may be higher than the amount noted in the schedule applied directly

against the client's under management. This is not meant to represent the maximum rate a client may be assessed for Financial Guidance services, instead is it the typical starting rate from which the Registrant's fee is negotiated.

4. The Registrant imposes minimum costs as follows: Financial Guidance Only - \$2,500; Investment Management Only - \$5,000; Combined Discretionary Investment Management & Financial Guidance - \$6,250. Minimum costs may be reduced or waived on a case-by-case basis depending on the facts and circumstances of the services provided, at Registrant's sole determination. If a client determines to engage the Registrant to provide investment advisory services through the Schwab Institutional Intelligent Portfolios™ Program, the Registrant's negotiable annual investment advisory fee shall be based upon a percentage (%) of the market value of assets allocated to the Program, between 0.25% and 0.50%.
5. For those clients that require comprehensive wealth management, financial planning and administrative services, Registrant may be engaged to provide such services for an increased fee. Each client's needs will be assessed, and the Registrant and the client will come to an agreement as to the fee charged for these services as well as the method and frequency of payment. The fee charged may be on an hourly basis, a fixed fee basis charged by month or quarter, based on the amount of assets under management, or any other fee calculation method mutually agreed by the Registrant and the client.

Sub-Manager Costs

When the Registrant refers client assets to a Sub-Manager, the client is assessed an additional cost. The Sub-Manger assesses a fee to the Registrant for their management services and that fee is passed through directly to the client. The fee is based on a percent of the client's assets and ranges from 0.15% to 0.75%, depending on the manger and services provided. Sub-Managers also impose minimum investment requirements. The minimum amounts vary. In addition to Sub-Manager costs, the investment vehicles that client assets are invested in may have their own associated cost. For instance, costs are charged to shareholders of mutual funds and exchange traded funds by the fund manager and deducted directly from the net asset value of the investment vehicle.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent it is specifically requested to do so, Registrant may provide its clients with financial planning and consultation services, including general business consulting services. Registrant will charge a fee (fixed fee and/or hourly) for these services, in certain instances through the use of independent contractor parties with whom Registrant has entered into a contractual relationship. Registrant's financial planning fees are negotiable, but generally range from \$500 to \$5,000 on a fixed fee basis and \$175 to \$425 on an hourly basis, depending upon the level and scope of the services required.

COMPREHENSIVE REPORTING

Registrant's fee shall be an annual fee of 0.25% of the Excluded Assets being reported. In the event that the client seeks to transfer Excluded Assets under Registrant's management, Registrant's normal fee schedule for investment management services will be imposed with respect to those assets and Registration will cease charging the reporting fee over those same assets. The Registrant, in its sole discretion, may charge a lesser fee

for this Comprehensive Reporting service and/or waive or reduce this fee based upon certain criteria. See Item 5.D. below for an non-exhaustive list of potential reasons.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that *Schwab* serve as the broker-dealer/custodian for client investment management assets. *Schwab* charges brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity/debt securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, the client will also incur, relative to all mutual fund purchases, charges imposed at the mutual fund level (e.g., management fees and other fund expenses).

With respect to *Schwab*'s Institutional Intelligent Portfolios™ Program (the "Program"), Clients do not pay fees to *SWIA* or brokerage commissions or other fees to *Schwab* as part of the Program. However, *Schwab* receives other revenues in connection with the Program, as described in the Program Disclosure Brochure. Registrant does not pay *SWIA* fees for its services in the Program so long as Registrant maintains at least \$100 million in client assets in accounts at *Schwab* that are not enrolled in the Program. If Registrant does not meet this condition, then it is obligated to pay *SWIA* an annual fee of 0.10% on the value of its clients' assets in the Program. This fee arrangement presents a **conflict of interest**, because it provides Registrant an incentive to recommend that its clients utilize *Schwab* as the custodian for their non-Program assets. Please refer to Item 12 below for more information about this **conflict of interest**, and the way in which the Registrant addresses it.

Please Note: Asset Based Pricing Limitations: Clients may enter into an asset based pricing agreement with their account custodian. Under an asset based pricing arrangement, the amount that you will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of your account (generally, the greater the market value, the lower the %). This differs from transaction-based pricing, which assesses a separate commission/transaction fee against your account for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by you to the account custodian. We do not receive any portion of the asset based transaction fees payable by you to the account custodian. We continue to believe that certain of our clients may benefit from an asset based pricing arrangement. You can request at any time to switch from asset based pricing to transactions based pricing, however, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Thus, given the variances in trading volume, any decision by you to switch to transaction based pricing

could prove to be economically disadvantageous. **ANY QUESTIONS:** Our Chief Compliance Officer, J. Joseph Roman, remains available to address them

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter.

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates, pension and profit sharing plans and charitable organizations. Registrant generally imposes an annual minimum fee of \$1,500 per household. The Registrant's account minimum for investment management services is \$500,000. The minimum investment required to open a *Schwab's* Institutional Intelligent Portfolios™ Program account is \$5,000. The Registrant, in its sole discretion, may charge a lesser management fee and/or waive or reduce its minimum annual fee and/or asset requirements based upon criteria (i.e., existing financial planning client, anticipated future earning capacity, anticipate future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. The Registrant shall utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
 - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
 - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
 - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

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

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, Registrant primarily allocates investment management assets of its client accounts among various individual debt and equity securities, mutual funds and exchange traded funds, individual equities and *Independent Manager(s)*, on a discretionary basis, in accordance with the investment objectives of the client. (*See Independent Manager(s)* above). With respect to the Program, the Program Disclosure Brochure includes a discussion of various risks associated with the Program, including: the risks of investing in ETFs; the risks related to the underlying securities in which ETFs invest; market/systemic risks; asset allocation/strategy/diversification risks; investment strategy risks; trading/liquidity risks; and large investment risks.

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Other Investment Adviser.** One of Registrant's representatives, Mark Sulpizio, is a dually registered investment adviser representative of the Registrant and Innovative Investment Fiduciaries, LLC, a state-registered investment advisory firm ("*Innovative*"). Registrant or its representatives, including Mr. Sulpizio, may recommend that clients utilize *Innovative's* pension planning or pension consulting services.

Conflict of Interest: The recommendation by Registrant that a client or its participants use *Innovative's* services presents a **conflict of interest**, as the receipt of compensation by Registrant's representative may provide an incentive to recommend the services of *Innovative* rather than a particular client's need. Clients are reminded that they are not under any obligation to use *Innovative's* services. **The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Certified Public Accountant. Registrant's Principal J. Joseph Roman, is the Managing Member of Roman & Company, LLC ("*Roman*") a certified public accounting firm. To the extent that *Roman* provides accounting and/or tax preparation services to any clients, including clients of the Registrant, all such services shall be performed by *Roman*, in its individual professional capacity, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by *Roman*, referral or otherwise. It is expected that the members of *Roman*, solely incidental to their respective practices as Certified Public Accountants with *Roman*, shall recommend the Registrant's services to certain of *Roman's* clients. *Roman* is not involved in providing investment advice on behalf of the Registrant, nor does *Roman* hold itself out as providing advisory services on behalf of the Registrant.

Conflict of Interest. The recommendation by Registrant's representatives that a client engage *Roman* presents a **conflict of interest**, as Registrant's representatives could have the incentive to make such a recommendation based on fees received, rather than a particular client's need. No client is under any obligation to engage *Roman* or its representatives in such a capacity and clients are reminded that they may engage other non-affiliated Certified Public Accountants. **The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.**

Licensed Insurance Agency. Registrant is under common control with Lifetime Insurance Strategy Advisors, LLC ("*Lifetime*"), which is a licensed insurance agency that provides insurance consulting services, but does not sell insurance commission products. J. Joseph Roman provides insurance consulting services as a licensed insurance agent of *Lifetime*, but clients cannot engage him to purchase insurance-related products on a commission basis.

Conflict of Interest. The recommendation by Registrant or its representatives that a client seek insurance consulting services through *Lifetime* presents a **conflict of interest**, as there may be an incentive to recommend such services based on fees generated, rather than on a particular client's need. No client is under any obligation to utilize services

offered through *Lifetime*. Clients are reminded that they acquire similar services through other, non-affiliated insurance agencies. **The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Licensed Insurance Agent. Registrant's representative, Mark Sulpizio, is a licensed insurance agent in his individual capacity, and may recommend the purchase of certain insurance-related products on a commission basis. Clients can therefore engage Mr. Sulpizio to purchase insurance products on a commission basis.

Conflict of Interest. The recommendation by Registrant or its representatives that a client purchase an insurance commission product through Mr. Sulpizio presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than a particular client's need. No client is under any obligation to purchase any insurance commission products from Mr. Sulpizio. Clients are reminded that they may purchase insurance products recommended by Mr. Sulpizio through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal

trades executed before those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*. Before engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution

responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Schwab* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, and/or product/fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis travel expenses and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Schwab Institutional Intelligent Portfolios™ Program

In addition to Registrant's portfolio management and other services, the Program includes the brokerage services of *Schwab*, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use *Schwab* as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with *Schwab* by entering into an account agreement directly with *Schwab*. Registrant does not open the account for the client. If the client does not wish to place his or her assets with *Schwab*, then Registrant cannot manage the client's account through the Program. As described in the Program Disclosure Brochure, *SWIA* may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for Registrant's clients and accounts for clients of other independent investment advisory firms using the Program.

Schwab Advisor Services (formerly called Schwab Institutional) is *Schwab's* business serving independent investment advisory firms like Registrant. Through

Schwab Advisor Services, *Schwab* provides Registrant and its clients, both those enrolled in the Program and Registrant's clients not enrolled in the Program, with access to its institutional brokerage services— trading, custody, reporting and related services – many of which are not typically available to *Schwab* retail customers. *Schwab* also makes available various support services. Some of those services help Registrant manage or administer its clients' accounts while others help Registrant manage and grow its business. *Schwab's* support services described below are generally available on an unsolicited basis (Registrant does not have to request them) and at no charge to Registrant. The availability of *Schwab's* products and services to Registrant is not based on us giving particular investment advice, such as buying particular securities for Registrant's clients. A more detailed description of *Schwab's* support services follows:

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through *Schwab* include some to which Registrant might not otherwise have access or that would require a significantly higher minimum initial investment by Registrant's clients. *Schwab's* services described in this paragraph generally benefit the client and the client's account.

Schwab also makes other products and services available to Registrant that benefit Registrant but may not directly benefit Registrant's clients. These products and services assist Registrant in managing and administering its clients' accounts. They include investment research, both *Schwab's* own and that of third-parties. Registrant may use this research to service all or some substantial number of its clients' accounts, including accounts not maintained at *Schwab*. In addition to investment research, *Schwab* also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of Registrant's fees from Registrant's clients' accounts;
- and
- assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help Registrant manage and further develop its business enterprise. These services include:

- attendance at educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Registrant. *Schwab* may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. *Schwab* may also provide Registrant with other benefits such as occasional business entertainment of its personnel.

The availability of services from *Schwab* benefits Registrant because it does not have to produce or purchase them. Registrant does not have to pay for these services, and they are not contingent upon Registrant committing any specific amount of business to *Schwab* in trading commissions or assets in custody. With respect to the Program, as described above under Item 4 above, Registrant does not pay *SWIA* fees for its services in connection with the Program so long as Registrant maintains at least \$100 Million in client assets in accounts at *Schwab* that are not enrolled in the Program. In light of Registrant's arrangements with *Schwab*, Registrant may have an incentive to recommend that its clients maintain their accounts with *Schwab* based on Registrant's interest in receiving *Schwab*'s services that benefit Registrant's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This presents a **conflict of interest**. However, Registrant will nonetheless refrain from recommending *Schwab* as custodian and broker unless it is in the best interests of that particular client. Generally, this decision is primarily supported by the scope, quality and price of *Schwab*'s services and not *Schwab*'s services that benefit only Registrant.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and

commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Items 4 and 12.A.1 above, the Registrant receives an economic benefit from *Schwab*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab*. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement discussed in Item 12.A.1, and there is no corresponding commitment made by the Registrant to *Schwab* to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

However, as discussed above in Item 4, the Registrant has an incentive to direct client assets to be managed by *UC* as well as to utilize the services provided by FinLife Partners based upon the following financial incentives. Also discussed above in Item 4:

- The Registrant's control persons receipt warrants to purchase shares of *UC*'s parent company stock (United Capital Financial Partners, Inc.), if the Registrant directs a predetermined percent of its client assets to be sub-advised by *UC*, and places a predetermined percent of its clients into the Registrant's Financial Guidance Offering that utilizes FinLife Partners' technology solutions, which is described in the "FinLife Partners Service Offering" section below.
- Certain technology implementation fees incurred by the Registrant in connection with the Registrant's use of FinLife Partners' technology solutions will be waived if a predetermined number of the Registrant's clients subscribe to the Registrant's

Financial Guidance services that utilize such technology solutions and UC's sub-advisory services.

- If the Registrant does not utilize predetermined threshold volume of UC's sub-advisory services or FinLife Partners' technology solutions, then the relationship with FinLife Partners may be terminated due to insufficient revenue generation

The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

Item 15 Custody

- A. The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Please Note: Custody Situations: The Registrant engages in other practices and/or services on behalf of its clients that require disclosure at ADV Part 1, Item 9 (the "Custody" section), which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. **The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding custody-related issues.**

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Before the Registrant assumes discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

However, with respect to the Program, and as described in the Program Disclosure Brochure, clients enrolled in the Program designate *SWIA* to vote proxies for the ETFs held in their accounts. Registrant has directed *SWIA* to process proxy votes and corporate actions through and in accordance with the policies and recommendations of a third-party proxy voting service provider retained by *SWIA* for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure. Clients who do not wish to designate *SWIA* to vote proxies may retain the ability to vote proxies themselves by signing a special *Schwab* form available from Registrant

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.