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**[www.triadfa.com](http://www.triadfa.com)**

**March 25, 2017**

**Form ADV Part 2A  
Brochure**

**This brochure provides information about the qualifications and business practices of Triad Financial Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at (336) 230-0071 and/or [reachus@triadfa.com](mailto:reachus@triadfa.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 Triad Financial Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Triad Financial Advisors, Inc. is 118583.**

**Any references to Triad Financial Advisors, Inc. as a registered investment adviser or its related persons as registered Advisory Representatives does not imply a certain level of skill or training.**

MATERIAL CHANGES

Item 2

At least annually, this section will discuss only specific material changes that are made to the Triad Financial Advisors, Inc. (“TFA”) Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

Our last annual amendment occurred on February 4, 2016. The changes made to our Brochure since that date are as follows:

*August 2016 Changes*

In August 2016, we moved to our new office building. Our new address reflected on the cover page of this Brochure appears below:

3623 N. Elm Street, Suite 102  
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Our telephone number and fax number remains the same.

We updated the amount of client assets under our asset management services in Item 4. As well, we revised Items 4, 5, and 10 to disclose that our Advisory Representatives no longer sell insurance products or earn commissions. Certain Advisory Representatives maintain an insurance license so that they may be knowledgeable and offer insurance advice.

Triad Financial Advisors, Inc. is a fee-only financial planning and investment advisory firm with no affiliation to a broker-dealer or insurance agency. We do not sell financial products nor receive commissions. We are compensated solely for providing independent and objective investment and financial planning advice to our clients.

TFA’s fee under the Third Party Managed Program Services will not exceed 1.00%.

TFA charges its own fee for the advisory services provided. With certain Third Party Managers, we separately collect our fee from the client. With other Managers, our fee is collected by the Third Party Manager. TFA’s fee under the Third Party Managed Program Services will not exceed 1.00%.

Transaction fees are not charged by TFA and are charged by the product sponsor, or account custodian. TFA does not share in any portion of these fees. We receive compensation based on our agreement with the Third Party Advisory Program for analyzing your investments and financial situation, assisting you in the selection of an appropriate Third Party Manager and for certain ongoing services we provide you.

*March 2017 Changes*

In Item 4, we explain that we offer an all-inclusive Wealth Management Service that encompasses ongoing Asset Management, Financial Planning, and Asset Allocation/Periodic Monitoring of Outside Accounts. We updated the amount of client assets under our wealth

Triad Financial Advisors, Inc.

management services. As well, we added a section on Individual Retirement Account (IRA) Rollover Considerations where we disclose that we may provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account.

We no longer offer Retirement Plan Consulting Services. We offer access to an estate attorney, a CPA, and an insurance specialist and will help facilitate communication between you and the other professional. The fees you will pay for these other services are in addition to our advisory fees. You are not obligated to use these other services or purchase any service or products.

In Item 5, we state that new clients are charged a comprehensive advisory fee for our Wealth Management Service. TFA charges a minimum annual fee of \$2,500 while the minimum investment required in our Wealth Management Program is generally \$250,000. This is also mentioned in Item 7.

In Item 8, we discuss our analysis of third-party managers and the risks of investing with third-party managers.

In Item 12, we recommend that our clients use Schwab and/or TD Ameritrade as the qualified custodian. We discuss the economic benefits we receive and the incentives we have to recommend Schwab and/or TD Ameritrade to our clients as well as the conflicts of interest it presents.

You may request a free copy of our updated brochure by contacting us at (336) 230-0071 and/or [reachus@triadfa.com](mailto:reachus@triadfa.com).

Additional information about Triad Financial Advisors, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The IARD number for Triad Financial Advisors, Inc. is 118583. The SEC's web site also provides information about any persons affiliated with Triad Financial Advisors, Inc. who are registered, or are required to be registered, as investment adviser representatives of Triad Financial Advisors, Inc.

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## ADVISORY BUSINESS

### Item 4

Triad Financial Advisors, Inc. (hereinafter referred to as “TFA”) is a fee-only financial planning and investment advisory firm offering wealth management services customized to your individual needs. We are not affiliated with a broker-dealer or insurance agency. We do not sell financial products nor receive commissions. We are compensated solely from providing independent and objective investment and financial planning advice to our clients.

A. Triad Financial Advisors, Inc. is a corporation that has evolved over time. In 1982, the predecessor investment advisory firm, Baron Planning, Inc. was formed. In 1990, the firm’s name was changed to Triad Planning, Inc. A decade later in 2000, the firm’s name was changed to its current name, Triad Financial Advisors, Inc.

Triad TFA was registered with the State of North Carolina from 1982 through 2014. TFA filed for registration with the Securities and Exchange Commission in November 2014. Patrick Rush, CEO and principal owner of TFA, has been in the financial services industry since 1998. Additional business information about Patrick and the Advisory Representatives of TFA is disclosed on the Supplemental Brochures attached to this Brochure.

B. TFA offers the following wealth management service comprised of:

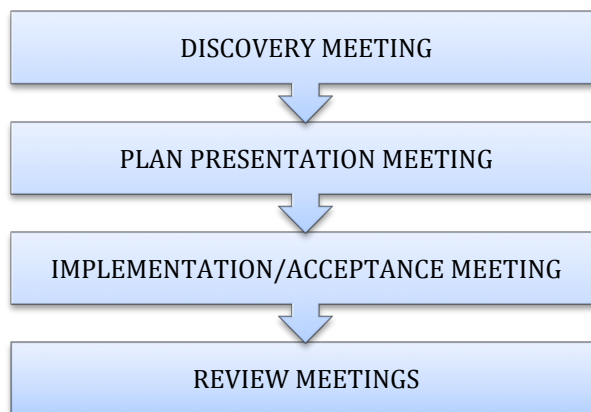
- Asset Management and Financial Planning
- Asset Allocation and Periodic Monitoring of Outside Assets
- Third Party Managed Programs
- Educational Seminars

A description of our services appears below.

### Wealth Management Services

An initial free, no obligation meeting is offered to introduce TFA’s services and fees. Once there is mutual agreement and desire to work together, we will request a number of documents to help understand your overall financial situation.

Our services to clients provide an ongoing blending of financial planning and asset management services focusing holistically on all of the client's needs. We follow a 4-step process with each client:



TFA will gather financial information and history from you such as your retirement and financial goals, investment objectives, investment horizon, financial needs, cash flow analysis, cost of living needs, education needs, savings tendencies, and other applicable financial information in order to provide the investment advisory services requested. All information gathered from you is confidential.

Depending upon your needs, our planning advice may include topics such as:

- Tax planning analysis
- Estate planning analysis
- Business planning
- Retirement planning
- Education planning
- Budgeting and cash flow
- Fringe benefit analysis
- Investment analysis

Our services may be broad or may be focused on one or more topics to address your unique situation.

TFA will prepare a financial plan based on your financial situation at the time and on the financial information you disclose to our Advisory Representative. Certain assumptions may be made with respect to interest and inflation rates as well as the use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. TFA cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. If your financial situation, investment goals or objectives change, you must notify TFA promptly of the changes. You are advised that the advice offered by TFA may be limited and is not meant to be comprehensive. Based on your specific needs or situation, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

After analyzing the gathered data, we will prepare a written financial plan and present the analysis of your situation along with our recommendations for steps to be taken to work toward your financial goals. If you decide to engage us for services, you will be required to sign our advisory agreement outlining the relationship and specifying our fee.

Next, our Advisory Representative will determine an asset allocation customized to your financial goals, objectives and risk tolerance. When determining your portfolio allocation, your Advisory Representative, will take into consideration your limitations or restrictions, as well as your time horizon and financial situation.

Your Advisory Representative will schedule a meeting with you and present the recommended portfolio allocation. Upon your approval, we will implement the initial portfolio allocation. After we implement the initial portfolio allocation, we will manage your account(s) on a continuous and ongoing basis. We offer this service on both a discretionary and non-discretionary basis. With your

written approval, as indicated in the advisory agreement, we will use our own discretion to determine any changes to the account. Unless otherwise expressly requested by you, TFA will monitor the account and will make changes to the allocation as deemed appropriate by the firm and your Advisory Representative. We will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you.

If you elect to have a nondiscretionary account, no changes will be made to the allocation of your account without prior consultation with you. Your Advisory Representative must contact you to discuss recommendations for changes within your account. Non-discretionary accounts are subject to certain risks that are not inherent in discretionary accounts. Risks may include, but not be limited to, the risk of missing market opportunities or the risk of your Advisory Representative not being able to move out of the market until you have been contacted to discuss recommendations for changes within your account.

Depending on your specific goals and objectives, we will generally hold positions in your account for a long term, typically more than a year; however, we may recommend trading some securities, for periods of 30 days or less. Your portfolio may be similarly managed and contain similar holdings as compared to other clients' managed accounts.

Our Advisory Representatives primarily use open-ended mutual funds including no-load and load waived mutual funds purchased at net asset value (NAV) and exchange-traded funds (ETFs). However, managed accounts are not exclusively limited to mutual funds and ETFs and may include stocks and bonds, certificates of deposits, government securities, money markets, annuities, direct participation programs, master limited partnerships, REITs, and if desired by the client, donor-advised funds.

Transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts and other qualified retirement accounts.

As further described below, TFA has entered into a relationship to offer you wealth management services through the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab") and the institutional advisor program offered by TD Ameritrade Institutional ("TD Ameritrade"). TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. There is no affiliation between TFA, Schwab, and TD Ameritrade. If you select another brokerage firm for custodial and/or brokerage services, you will not be able to receive wealth management services from TFA.

When requested to design a complete asset allocation and manage your overall portfolio, TFA will include your assets held with other brokerage firms/custodians ("outside assets"). These outside assets may be held at mutual fund companies, variable annuity companies, other brokerage firms, and employer sponsored retirement plans such as 401(k) accounts. These outside assets are not held with our primary custodians, Schwab or TD Ameritrade, and TFA will not implement any investment recommendations. Instead, your Advisory Representative will provide asset allocation and monitoring services. We will periodically monitor the account(s) and direct or recommend the allocation of assets among the various investment options available with the product. You are free to

accept, reject, or implement any portion of the recommendations provided by TFA. Be aware that partial implementation or delayed implementation may have an impact on the performance of the account. Because TFA may not have access to your outside assets, you will be responsible for providing TFA with copies or duplicate statements.

#### *Access to Additional Services*

As an added benefit to our clients and upon client request, TFA provides access to the services of an estate attorney for the review and/or rewriting of client estate documents, and a CPA for the review of a client's personal tax situation. TFA and its Advisory Representatives will not be acting as your CPA or attorney, but will help facilitate communication with the professional.

Additionally, TFA provides access to an insurance professional for life, long-term care, and Medicare insurance planning.

Fees for such services are separate and distinct from any advisory services offered by TFA. TFA is not affiliated with these other professionals and does not share in any compensation received by other professionals for these services. You are under no obligation to engage the services of any recommended professional or purchase products or services recommended by us or members of our firm in connection with providing you with any advisory service that we offer.

#### **Third Party Managed Program Services**

If appropriate, your Advisory Representative will qualify you for investment in certain Third Party Management services. Your Advisory Representative will gather information from you about your financial situation, investment objectives, and reasonable restrictions you may want to impose on the management of your account. Upon review of that information, your Advisory Representative will assist you in the selection of a Third Party Manager. We will assist you with the completion of documents in order to utilize the services of the Manager. Your total advisory fee will consist of TFA's fee plus the Third Party Manager's fee. Depending on the arrangement with the Manager, TFA's portion of the fee may be debited from the account by the Manager and remitted to TFA or TFA may debit the fee directly from your account.

Your Advisory Representative will periodically review any reports provided to you and monitor the performance of your account. Based on the terms of your advisory agreement, the Advisory Representative may, utilizing their discretion, add, change or terminate a Manager if he or she feels that a change is warranted. Additionally, we will contact you at least annually to review your financial situation and objectives; communicate information to the Third Party Manager managing the account as necessary and will assist you in understanding and evaluating the services provided by the Manager. You are expected to notify your Advisory Representative of any changes in your financial situation, investment objectives or account restrictions you would like to place.

#### **Educational Seminars**

TFA provides seminars on various financial planning topics. The seminars are generally provided to clubs, civic groups, individuals, or other interested parties. They are sometimes provided to companies for selected employee groups.



C. We tailor the advisory services we offer to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities. We will ask you to complete an account information form/data gathering questionnaire to assist us with obtaining information about your financial situation and history. Additionally, one or more of our Advisory Representatives will meet with you and conduct an interview and data gathering session to continue the due diligence process. The information gathered by TFA will assist the firm in providing you with the requested services and customize the services to your financial situation. Depending on the services you have requested, we will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Existing portfolio statements, including retirement account information
- Financial needs
- Tax bracket information
- Cash flow analysis
- Cost of living needs
- Savings tendencies
- Other applicable financial information required by our Advisory Representative in order to provide the investment advisory services you have requested.

D. TFA does not offer any wrap fee programs. However, when appropriate, we may recommend the services of a third party manager which may offer a wrap fee program.

E. As of December 31, 2016, TFA had nearly \$506 million in client assets under our management with approximately \$484.3 million of client assets under our discretionary management and \$21.6 million of client assets under our non-discretionary management.

### **General Information**

The investment recommendations and advice offered by TFA and your Advisory Representative are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. Our primary goal is to help our clients identify and pursue their financial goals, thereby enhancing the overall quality of their lives.

### **IRA Rollover Considerations**

As part of our consulting and advisory services, we may provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. We may recommend that you withdraw the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") that we will manage. If you elect to roll the assets to an IRA under our management, we will charge you an asset-based fee as described in Item 5. This practice presents a conflict of interest because our investment advisory representatives have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the

rollover, you are under no obligation to have your IRA assets managed by us.

Employers may permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Roll over the funds to a new employer's retirement plan.
3. Cash out and take a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak with your financial advisor, CPA, and/or tax attorney.

Before rolling over your retirement funds to an IRA for us to manage, carefully consider the following. NOTE: This list is not exhaustive.

1. Determine whether the investment options in your employer's retirement plan address your needs or whether other types of investments are needed.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public, such as employer securities or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services available through an IRA provider and their potential costs.
  - c. It is likely you will not be charged a management fee and will not receive ongoing wealth management services unless you elect to have such services. If your plan offers management services, there may be a fee associated with the service that is more or less than our wealth management fee.
3. Our strategy may have higher risk than the options provided to you in your plan.
4. Your current plan may offer financial advice, guidance, management, and/or portfolio options at no additional cost.
5. If you keep your assets titled in a 401(k) or retirement account, you could potentially delay your required minimum distribution beyond age 70.5 (70½).
6. Your 401(k) may offer more liability protection than a rollover IRA; each state may vary. Generally, Federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies; however, there can be exceptions. Consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401(k), but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception

- such as disability, higher education expenses, or a home purchase.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
  10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand your options, their features and their differences, and decide whether a rollover is best for you. If you have questions, contact us at our main number listed on the cover page of this brochure.

## FEES AND COMPENSATION

### Item 5

#### Wealth Management Services

- A. TFA charges one comprehensive advisory fee for new clients for the following services:
- ✓ financial plan
  - ✓ periodic review of financial plan (every three to five years)
  - ✓ ongoing management of client accounts
  - ✓ annual, or more frequent, client meetings
  - ✓ the ability to contact your Advisory Representative for advice on relevant financial matters as needed throughout the year.

Our fees are negotiable and are not based on a share of capital gains or capital appreciation of the funds or any portion of the funds in your account. Fees may include outside assets not held with our custodians (Schwab and TD Ameritrade), and at our discretion may include asset balances held in 401(k), 403(b), 457, deferred compensation plans, and annuities. The Fee Schedule is as follows:

Account Size	Annual Fee
First \$1,000,000	1.00%
Plus, on assets over \$1,000,000 but \$2,500,000 or less	0.75%
Plus, on assets over \$2,500,000 but \$10,000,000 or less	0.50%
Plus, on assets over \$10,000,000	0.35%

For purposes of the fee calculations outlined above, all accounts owned by the household and managed by TFA will be aggregated together to determine the annual fee.

Generally, all accounts will have assets covering 6-12 months of fees invested in money market shares. Additionally, for accounts taking regular monthly withdrawals, an amount equal to 6-12 months of the withdrawals will be invested in money market shares.

TFA charges a minimum annual fee of \$2,500. The minimum investment required in our Wealth Management Program is generally \$250,000. Accounts below this minimum may be accepted on an individual basis at our discretion. Legacy clients are not subject to the minimum. At our discretion, the fee minimum may be waived. Due to the minimum annual fee, the fee for an account size of less than \$250,000 will exceed 1.00%. Because TFA provides a comprehensive service, clients with small account values and less complicated situations may be referred to an hourly financial planner that would be more appropriate for the client's needs.

We sometimes make exceptions to our general fee schedule under certain circumstances (e.g., responsibilities involved; accounts or groups of accounts which are expected to have significant capital additions in the future; anticipated future earning capacity; related accounts; account composition; pre-existing client; account retention; pro bono activities, etc.). In such cases, lower or higher fees or different payment arrangements can be negotiated with each client separately and will be described in the client's Wealth Management Agreement. TFA may change the above fee schedule upon 30-days prior written notice to you.

If desired by the client, donor-advised funds and 529 college saving plans may be used in client portfolios. These assets will receive our management services; however, the funds will be excluded from the fee calculation.

You may make additions to the account or withdrawals from the account, provided the account continues to meet minimum account size requirements. Fee adjustments will be made for partial withdrawals and additional deposits within a billing period if they exceed \$250,000 after the initial establishment of the account. No fee adjustments will be made during the quarter for account appreciation or depreciation.

A. If the account is established or closed during the middle of a month, you will pay a pro-rated portion of the advisory fee based upon the number of days the account was under TFA's management. You may authorize us to deduct the advisory fee directly from your account. You will need to grant TFA the authorization to debit your fee. The custodian will provide you with a quarterly statement that lists the total fees deducted from the account as well as all transactions that were conducted in the account that quarter.

B. In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. You may also pay other fees associated with maintaining the account. These fees are not charged by TFA and are charged by the product sponsor, or account custodian. TFA does not share in any portion of these fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees as well as the mutual fund adviser's fee of any mutual fund they purchase. These advisory fees are not shared with TFA and are compensation to the fund manager. You should read the mutual fund prospectus for complete information.

C. Advisory fees are payable quarterly in advance and based on the market value of the client's portfolio on the last business day of the previous calendar quarter as valued by the custodian and/or other financial institutions valuing the assets. The value of the portfolio may include assets under our management held at Schwab, TD Ameritrade, and in outside assets held at mutual fund or variable annuity companies, retirement plans such as 401(k), etc. In the case of multiple accounts, we may debit aggregate fees from a single account or multiple accounts as permissible by law. If your account does not contain sufficient funds to pay the advisory fees, we have the limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. Except for ERISA and IRA accounts, you may reimburse your account for advisory fees paid to TFA.

Fee calculation example for a \$1,250,000 account for 2<sup>nd</sup> quarter (April, May and June):

Triad Financial Advisors, Inc.

- $\$1,000,000 \times 1.0\% = \$10,000.00$
- $\$250,000 \times 0.75\% = \$1,875.00$

Total             $\$11,875.00$  divided by  $365 \times 91$  days = **Quarterly Fee is \$2,960.62**

TFA may change the above fee schedule upon 30-days prior written notice to you.

E. In addition to TFA's advisory fee, you should also be aware that the products we utilize within your portfolio will also charge fees (i.e., mutual fund expense ratios). Such fees are not shared with TFA and are compensation to the fund managers.

For additional information, please refer to Item 12 that describes the factors that TFA considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

As stated above, we will primarily recommend open-ended mutual funds including no-load and load waived mutual funds purchased at net asset value (NAV) and ETFs. While certain products may pay 12b-1 fees, TFA will not receive these fees. Where applicable and for those accounts under its custody, Schwab or TD Ameritrade will retain the 12b-1 fees.

You may purchase the securities recommended by TFA directly or through other advisory representatives not affiliated with TFA.

#### Termination Provisions

You may terminate advisory services obtained from TFA, without penalty, upon verbal or written notice within five (5) business days after entering into the advisory agreement with TFA. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, you may terminate investment advisory services upon 30 days written notice to TFA. Termination date will be 30 days after receipt of written notice. If the date exceeds the current quarterly billing period, the termination date will be the final day of that billing period. Fees are due for the 30-day period following written notice but not to exceed the current quarterly billing period. Your agreement will end and our management will end at the end of the billing period. Pro-rated refunds for unearned fees are calculated from the termination date to the end of the current quarterly billing period.

#### **Additional Fees and Expenses**

Mutual fund investments in the programs that we offer are no-load or load at NAV. Your mutual fund investments may be subject to early redemption fees, 12b-1 fees and mutual fund management fees as well as other mutual fund expenses. These fees are in addition to the fees and expenses referenced above. Please review the mutual fund prospectus for full details.

There are additional fees relating to IRA accounts that you may incur. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

### **Third Party Managed Program Services**

Compensation in connection with Third Party Managed Program services generally consists of: i) management fees paid to Third Party Manager; ii) management fees paid to us; iii) transaction costs – if applicable – which may be paid to purchase and sell such securities; and iv) custody fees. Transaction fees are not charged by TFA and are charged by the product sponsor, or account custodian. TFA does not share in any portion of these fees.

For more complete fee details, please see our Third Party Money Manager Agreement and the Money Manager's disclosure brochure, investment advisory contract, and account opening documents. We receive compensation based on our agreement with the Third Party Advisory Program for analyzing your investments and financial situation, assisting you in the selection of an appropriate Third Party Manager and for certain ongoing services we provide you. This compensation will be disclosed to you in our Third Party Money Manager Agreement and in a separate disclosure document provided by the Third Party Money Manager.

TFA charges its own fee for the advisory services provided. With certain Third Party Managers, we separately collect our fee from the client. With other Managers, our fee is collected by the Third Party Manager and is typically equal to a percentage of the investment advisory fee charged by the Third Party Manager or a fixed fee. Under either arrangement, TFA's fee will not exceed 1.00%.

Differences in compensation paid by Third Party Managers may create an incentive for Advisory Representatives to recommend one Manager over another. The Manager must be appropriately licensed as an Investment Adviser with the SEC or states in which they conduct business. If a "wrap fee" program is not selected, clients may incur fees in addition to those charged by the Third Party Manager such as transaction fees. If a "wrap fee" program is selected, the client will also receive the Form ADV 2A Brochure Appendix 1 provided by the sponsor of the program.

### **Educational Seminars**

Fees may be charged for seminars given to individuals, clubs, civic groups or employee groups. When fees are charged, they are negotiable and will not exceed \$500/hour of presentation time. They may also include fees for preparation time and travel expenses.

### **PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT      Item 6**

This section is not applicable to TFA since TFA does not charge performance based fees.

### **TYPES OF CLIENTS      Item 7**

TFA's services are geared toward both high net worth (i.e., clients with a net worth of more than \$2,000,000 or having at least \$1,000,000 in assets under our management upon entering into a contract with TFA) and non-high-net worth individuals, trusts, estates, charitable organizations, corporations or other business entities.

TFA charges a minimum annual fee of \$2,500. The minimum investment required in our Wealth Management Program is generally \$250,000. Accounts below this minimum may be accepted on an individual basis at our discretion. Such circumstances may include, but not be limited to, 1) additional assets will soon be deposited or 2) the client has other accounts with TFA. You should be aware that performance may suffer due to difficulties with diversifying smaller accounts and due to

risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested since fluctuations in the market may affect smaller accounts more.

#### **METHODS of ANALYSIS, INVESTMENT STRATEGIES and RISK of LOSS      Item 8**

A. TFA takes a long-term disciplined investment approach, emphasizing asset allocation strategies and diversification to help reduce risk. We use data from various sources, on a subscription basis, to track performance of mutual funds and money managers. These sources may use fundamental and technical analyses in their research.

Our analysis of third-party managers involves examining the experience, expertise, investment philosophies, and past performance of the managers to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. A risk of investing with a third-party manager who has been successful in the past is that the success may not be able to be replicated in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

B. Investing in securities involves risk of loss, including the potential loss of the principal money you are investing. Therefore, your participation in any of the management programs offered by TFA requires you to be prepared to bear the risk of loss as well as the fluctuating performance of your accounts. Market values of investments will always be subject to fluctuations and loss of principal regardless of prudent efforts to minimize risk via asset allocation and diversification.

Investment strategies and recommendations may be based upon consideration of any of the following:

- Diversification - for the purpose of balancing risk while maintaining the possibility of gain; or
- Risk Factors - including the risk of capital loss (market risk) and the risk of loss of purchasing power (inflation risk), and the client's understanding of, and financial ability to bear such risks; or
- Liquidity and Income Needs - taking into consideration short-and-long-term liquidity needs, balancing of lesser and greater risk approaches, and combining income, growth, and safety concepts; or
- Discipline - emphasizing commitment and follow through over a reasonable period of time in order to permit the investment plan or recommendation to achieve the intended result; or
- Income Tax Considerations - although income tax considerations are important, they should not replace economic benefits as the principal determinant of investment decisions.

We do not represent, warrant or imply that the services or methods of analysis we use can or will predict future results, successfully identify market tops or bottoms or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or

assumptions can be made that the advisory services offered by TFA or our Advisory Representatives will provide a better return than other investment strategies.

C. As stated above, TFA primarily uses mutual funds in client portfolios. The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers and/or the fund straying from its stated investment objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's website. At the client's request, TFA will direct the client to the appropriate Web page to access the prospectus.

## **DISCIPLINARY INFORMATION**

### **Item 9**

There is no reportable disciplinary information required for TFA or its management persons that is material to your evaluation of TFA, its business or its management persons.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES and AFFILIATIONS**

### **Item 10**

A. , B. TFA does not have a related person who is a: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

C. Neither TFA nor its management persons have a relationship with any of the following entities: broker/dealer, municipal securities dealer, or government securities broker/dealer, investment company or other pooled investment vehicle, other investment adviser or financial planner, futures commission merchant, commodity pool operator or commodity trading advisor, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer or sponsor syndicator of limited partnerships.

Certain Advisory Representatives maintain an insurance license. However, they do not sell insurance products or earn commissions. They maintain the insurance license so that they may be knowledgeable and offer insurance advice.

TFA and its Advisory Representatives are not actively engaged in any other financial industry entity.

D. As noted in Item 4B above, TFA recommends the services of Third Party Managers.

## **CODE of ETHICS, PARTICIPATION or INTEREST in CLIENT TRANSACTIONS and PERSONAL TRADING**

### **Item 11**

### **Code of Ethics**

A. TFA has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. TFA takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as our policies and procedures. Further, we strive to handle your non-public information in such a way to protect information from falling into the hands of anyone who has no business reason to know such information. We provide you with our Privacy



Policy which details our procedures for handling your personal information. TFA maintains a code of ethics for its Advisory Representatives, supervised persons and office staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, our Code of Ethics establishes our firm's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

B. Neither TFA nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.

C. TFA and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, TFA and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. They will not put their interests before your interest. Neither TFA nor any associated person may trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.

D. TFA is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. TFA and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

## **BROKERAGE PRACTICES**

## **Item 12**

### **A. The Custodian and Brokers We Use**

TFA does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see *Item 15 – Custody*, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian and/or TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. We are independently owned and operated and are not affiliated with Schwab or TD Ameritrade. Schwab or TD Ameritrade will hold your assets in a brokerage account and buy and sell securities when instructed. While we recommend that you use Schwab or TD Ameritrade as custodian/broker, you will decide whether to do so and will open your account by entering into an account agreement directly with Schwab or TD Ameritrade. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with either custodian, then you will not be able to receive wealth management services from TFA. Not all advisers require their clients to use a particular broker-dealer or other custodian selected by the adviser. Even though your account is maintained at Schwab or TD Ameritrade, we can still use other brokers to execute trades for your account as described below, however TFA elects not to exercise this option and places all trades through Schwab or TD Ameritrade. (see “Your Brokerage and Custody Costs.”)

### **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below.

### **SCHWAB**

#### **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$250,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute all trades for your account. We have determined that having Schwab execute all trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

#### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients 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 us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services.

**Services That Benefit You.** 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 we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our 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 our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- 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 us. 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 us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us.

From time-to-time, TFA may make an error in submitting a trade order on your behalf. When this occurs, we will place a correcting trade with Schwab. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, TFA will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

### **TD Ameritrade**

TFA participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade Inc. ("TD Ameritrade"), member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. TFA receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, TFA participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to its clients, although we receive economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving TFA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our client accounts. These products or services may assist TFA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by TFA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, TFA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by TFA or its related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

TFA also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the

program. Specifically, the Additional Services includes payment of one year's worth of Morningstar.

TD Ameritrade provides the Additional Services to TFA in its sole discretion and at its own expense, and TFA does not pay any fees to TD Ameritrade for the Additional Services. TFA and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Our receipt of Additional Services raises conflicts of interest. In providing Additional Services to TFA, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, TFA's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with TFA, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to our clients that the assets under management by TFA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Our receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including to seek best execution of trades for client accounts.

B. Due to the individual management of client accounts, typically TFA does not aggregate the purchase or sale of securities for various client accounts. However, when appropriate, TFA will trade using "block trades" or aggregating orders of one security for several accounts at once. This results in an average price/share for all accounts included in the trade. Aggregated orders will not reduce the transaction costs to participating clients. We conduct aggregated transactions (block trades) in a manner designed to ensure that no participating client is favored over another client. If the aggregate order is not filled in its entirety when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rata to the participating client accounts in proportion to the size of the orders placed for each account.

## **REVIEW of ACCOUNTS**

### **Item 13**

A. While some clients may need and request reviews as frequently as quarterly, we suggest you request a review no less frequently than annually or as agreed by you and your Advisory Representative. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. You must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require your Advisory Representative to review the portfolio allocation and make recommendations for changes. Reviewers are Patrick Rush, CEO of TFA, or any other Advisory Representative of our firm.

B. Client reviews and portfolio adjustments may be considered when TFA revises its view of a security or asset class relative to other opportunities. Certain economic and market conditions, along with a change in client objectives and risk tolerance may trigger a review of accounts by an Advisory Representative.

C. You will be provided statements at least quarterly directly from the account custodian. Additionally, you will receive confirmations of all transactions occurring directly from the account custodian. A related firm of the applicant, Rush & Associates, Inc., located at the same address as

TFA, maintains additional records of client account values. These records are prepared quarterly. They are sent to clients on a quarterly, semiannual, or annual basis, depending on the determination of need by Patrick Rush, or upon your request. You should compare the report with statements received directly from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

We will periodically review your financial plan in light of your identified needs and objectives. We recommend a full review of financial plans every three to five years. Financial plans and progress toward goals are typically discussed and illustrated using software in lieu of written reports. However, financial planning presentations will be provided to clients in written format upon request.

#### **CLIENT REFERRALS and OTHER COMPENSATION**

#### **Item 14**

A. Product vendors recommended by TFA may provide monetary and non-monetary assistance with client events, provide educational tools and resources. We do not select products as a result of any monetary or non-monetary assistance. The long term performance of a product is our first and foremost concern. TFA's due diligence of a product does not take into consideration any assistance it may receive. While the receipt of products or services is a benefit for you and us, it also presents a conflict of interest.

We receive an economic benefit from Schwab and TD Ameritrade in the form of the support products and services they make available to us and other independent investment advisers whose clients maintain their accounts at Schwab and TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab and TD Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Our choice of custodian may be influenced by the services that the custodians available to us provide but do not necessarily benefit your account. Such services include software and technology that assist in the management and administration of your account and a mix of services to manage and further develop our business. A conflict of interest exists because when we evaluate whether to recommend that you custody your assets at Schwab or TD Ameritrade, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely factors that are beneficial to you such as nature, cost or quality of custody and brokerage services.

TFA attempts to mitigate the conflicts of interest by notifying you of the conflict. We inform you that you are free to consult other financial professionals. We are bound by our Code of Ethics to act in an ethical manner.

B. TFA does not compensate any individual or firm for client referrals.

#### **CUSTODY**

#### **Item 15**

With the exception of deduction of TFA's advisory fees from your accounts, TFA does not take custody of your funds or securities. Your account assets are maintained at your custodian, Schwab and/or TD Ameritrade.

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct your custodian to deduct our advisory fees directly from your account. However, your custodian maintains the actual custody of your assets. You will receive account statements directly from your custodian at least quarterly. They will be sent to the email or postal mailing address you provided to them. You should carefully review those statements promptly when you receive them. As noted under Item 13C above, you should compare the statement we provide you with your Schwab or TD Ameritrade statement.

## **INVESTMENT DISCRETION**

### **Item 16**

You may grant TFA authorization to manage your account on a discretionary basis. You will grant such authority to TFA by execution of the advisory agreement. You may terminate the discretionary authorization at any time by giving us written notice.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish investment management account;
- 3) If you elect to implement recommendations through your Advisory Representative, we require the use of Schwab or TD Ameritrade.
- 4) With the exception of deduction of TFA's advisory fees from your account, provided you have authorized automatic fee deductions, we will not have the ability to withdraw your funds or securities from the account.

## **VOTING CLIENT SECURITIES**

### **Item 17**

TFA does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact your Advisory Representative about questions you may have and opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

## **FINANCIAL INFORMATION**

### **Item 18**

A. TFA will not require you to prepay more than \$1,200 and six or more months in advance of receiving advisory services; therefore, a balance sheet is not required to be attached.

B. TFA has discretionary authority over client accounts; however that authority does not extend to the withdrawal of any client assets, with the exception of deduction of TFA's advisory fees from your accounts. We are financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.

C. Neither TFA nor any of its Advisory Representatives has ever been the subject of a bankruptcy petition.

## **REQUIREMENTS for STATE REGISTERED ADVISERS**

### **Item 19**

This section is not applicable to Triad Financial Advisors, Inc. since it is not state registered. Triad Financial Advisors, Inc. is registered with the Securities and Exchange Commission.