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## ITEM 1: COVER PAGE

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**Part 2A of Form ADV – Firm Brochure  
Dated March 28, 2019**

**CRD #147786**



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This Brochure provides information about the qualifications and business practices of Financial Advocates Advisory Services, LLC (“FAAS”). If you have any questions about the contents of this brochure, please contact **CHIEF COMPLIANCE OFFICER** by telephone at (360) 866-2345 or by email at [riacompliance@financialadvocates.com](mailto:riacompliance@financialadvocates.com). The information in this brochure has not been approved by any state securities authority or by the United States Securities and Exchange Commission (SEC).

Please note that the use of the term “registered investment adviser” and the description of FAAS and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our associates. Additional information about FAAS and our associates is available on the SEC’s Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*Securities offered through LPL Financial, Member FINRA/SIPC. Financial Planning and Consulting is offered through Financial Advocates Advisory Services, LLC, a registered investment advisor. Financial Advocates Advisory Services and LPL Financial are separate entities.*

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## ITEM 2. MATERIAL CHANGES

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FAAS is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

Date of last annual update: March, 2018.

Since our last update, there have been no material changes.

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### ITEM 3. TABLE OF CONTENTS

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## ITEM 4. ADVISORY BUSINESS

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FAAS is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser. FAAS is a limited liability company formed in the State of Washington. Our firm has been in business as an investment adviser since 2008 and is one hundred percent (100%) owned by Financial Advocates Agency, LLC.

Our business model is based on a decentralized network of Investment Adviser Representatives (“IARs” or “Consultants”) with offices located in various cities in Washington and Oregon. Although all of the IAR’s are registered with and subject to oversight and supervision by FAAS, some of the offices operate independently under a separate business name or “DBA” (see the cover page of this brochure for the DBA name utilized by your IAR). Because our IAR’s operate independently they have significant flexibility in providing tailored individualized investment advice to the firm’s clients. Some of our DBA offices allow for independence across their IAR’s while others require their IAR’s to tailor their advice to the DBA’s model. Our IAR’s are independent contractors with us. FAAS home office in Olympia WA assists the IAR’s with marketing, back-office functions and manages compliance responsibilities. A list of all of the FAIM approved DBA names can be found on our Schedule D, Section 1.B. Other Business Names of our Form ADV Part 1 which is available on the SEC’s Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### SERVICES

FAAS IAR’s specialize in the following types of services: hourly consulting, financial planning and consultations, and pension consulting services. IAR’s offer general investment advice to clients utilizing these services. Since we offer our services in a consulting capacity, we have no assets under management and do not provide continuous and regular investment management or supervisory services.

#### Consulting Services, Financial Planning

FAAS IAR’s provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client’s current financial circumstances, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client’s financial goals and objectives. Clients enter into a Consulting Agreement for the services described below.

Comprehensive Financial Planning addresses one or more of the six key areas of financial planning:

- Financial Position,

- Protection Planning,
- Investment Planning,
- Corporate and Personal Income Tax Planning,
- Retirement Planning, and
- Estate Planning.

Hourly Consulting is provided for a variety of purposes including, but not limited to, the following:

- Annual update to Financial Plan,
- Asset Allocation Recommendations,
- General portfolio management recommendations,
- Third party review (2<sup>nd</sup> opinion), and
- Individual Issue Consulting.

In addition, both Comprehensive Financial Planning and Hourly Consulting may include one or more of the following areas:

- Charitable Planning,
- Education Planning,
- Cost Segregation Study,
- Mortgage/Debt Analysis,
- Insurance Analysis,
- Lines of Credit Evaluation, and
- Business and Personal Financial Planning

Our written financial plans provided to clients or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs.

For Comprehensive Financial Planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For Hourly consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of a client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client. Clients are free to implement investment recommendations through brokers unaffiliated with FAAS or its IARs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services.

## **Investment Fiduciary & Retirement Plan Consulting**

We provide consulting and advisory services for employer-sponsored retirement plans that are designed to assist plan sponsors of employee benefit plans ("Sponsor(s)"). These services are offered to Sponsors on a one-time or ongoing basis. Generally, such pension consulting services consist of assisting Sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include, but are not limited to, the following: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge our fiduciary role within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in the Services section of the Investment Fiduciary & Retirement Plan Consulting Agreement ("RPAC")). When providing any ERISA fiduciary services, we will solely be making recommendations to the Sponsor and the Sponsor retains full discretionary authority and/or control over the assets.

When entering into an RPAC agreement, the Plan Sponsor may select from a number of different services described below. FAAS will be acting in a non-discretionary capacity and will solely be making recommendations to the Plan Sponsor. FAAS will not perform recordkeeping or brokerage services to the Plan. Neither FAAS nor the IAR will assume the duties of a trustee or a Plan Administrator, as defined in ERISA Sec. 3(16).

### **Investment Fiduciary Services - Plan Level**

- Recommendations to establish or revise the Plan's Investment Policy Statement ("IPS"),
- Recommendations to select and monitor the Designated Investment Alternatives ("DIAs"),
- Recommendations to select and monitor Qualified Default Investment Alternatives ("QDIAs")
- Recommendation to select and monitor other investment managers

### **Retirement Plan Consulting Services**

- Administrative Support
  - Assist Plan Sponsor in reviewing objectives and options through the Plan
  - Review of Plan committee structure and administrative policies & procedures
  - Recommend participant education and communications policies under ERISA 404(c)
  - Assist with development/maintenance of fiduciary audit file and document retention policies

- Deliver fiduciary training and/or education periodically or upon reasonable request.
- Coordinate and reconcile participant disclosures under 404(a)(5)
- Develop requirements for responding to participant requests
- Oversight of Relationship with Service Provider
  - Assist with process to select, monitor and replace service providers
  - Assist with review of Covered Service Providers (CSPs) disclosures under ERISA 408(b)(2) and fee benchmarking
  - Provide reports and/or information designed to assist with monitoring CSPs
  - Review ERISA Spending Accounts or Plan Expense Recapture Accounts
  - Assist with preparation and review of RFPs and/or RFIs
  - Coordinate and assist with CSP replacement and conversion
- Investments
  - Periodic review of investment policy in context of plan objectives
  - Assist Plan committee with monitoring investment performance
  - Provide analysis of investment managers and model portfolios
  - Review and recommend Designated Investment Managers and/or third-party advice providers as necessary
  - Education Plan committee members, as needed, regarding replacement of DIA(s) and/or QDIA(s)
- Participant Services
  - Facilitate group enrollment meetings
  - Coordinate employee education regarding plan investments and fees
  - Assist plan participants in understanding plan benefits, retirement readiness and impact of increasing deferrals.

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## ITEM 5. FEES AND COMPENSATION

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The following describes our fees so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally negotiable. Factors that impact what we charge our clients may include but are not limited to:

- Scope of services rendered
- Complexity
- Size
- Number of plans / relationships with the client
- Number of participants
- Location of participants
- Number of meetings required

No other fee or expense is charged by FAAS to you for the services except those disclosed below. Our fees will always be detailed in the signed written agreement between the client and FAAS. Clients may incur certain charges imposed by custodians, brokers, and third-party managers or other third parties that FAAS does not control. These charges can include such things as deferred sales charges, transfer taxes, wire transfer and electronic fund fees, brokerage account fees, and other fees, charges or taxes.

Upon engagement, the client has five (5) business days to terminate the contract and receive a full refund of any fees collected in advance without penalty.

In the event that you wish to terminate our services in the future, we will refund the unearned portion of our fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your notice of termination, we will proceed to close out your engagement and process a pro-rata refund of unearned fees.

Our fees may be charged in advance. Particularly complex plans may require prepayment of a portion of the estimated fee for services. For lengthy engagements, interim payments may be requested. We do not require nor do we solicit prepayment of more than \$1,200.00 six months or more in advance of completion of service. The remainder of the fee will be billed directly to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you.

### **Consulting:**

We charge on an hourly or flat fee basis for financial planning and consulting services. Our hourly fees range from \$75.00 to \$175.00. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. In addition, the hourly fee charged by each IAR is determined by their experience, credentials and expertise. Your estimated fees will be based on the estimated hours of the services agreed upon and will be written in your Consulting Agreement. Any unearned fees will be returned. Examples of our fees include:

- Comprehensive Financial Planning: Up to \$175.00 per hour (negotiable)
- Administrative Services: Up to \$75.00 per hour (negotiable)
- Consulting Services: Up to \$175.00 per hour (negotiable)

### **Investment Fiduciary and Retirement Plan Consulting:**

Due to the wide variance in complexity and scope of our work with Retirement Plan sponsors, as well as the requirements of Plan service providers, the method of billing and amount of fees charged for these services is negotiable. We offer two different billing options for Plan Sponsors at the Plan Level:



- Pay an asset-based fee of a percentage of the Plan assets, payable quarterly.
- Pay an annual flat fee, payable quarterly or in one lump sum on a specific date agreed to between Sponsor and FAAS

By default, our billing frequency is quarterly in arrears, but the Plan Sponsor can choose advance fee billing with any unearned fees to be refunded. The Plan Sponsor may choose whether to pay the fees from plan assets or from the Sponsor directly. Also, depending on a Plan's third party payor support, FAAS offers an option for direct billing.

For Separate or Additional Services:

- One-time payment for Project-Based Services
- First Year Transition Expense Fee

Fees for Investment Fiduciary and Retirement Consulting services are fully negotiable between the FAAS IAR and the Plan Sponsor, but at no time will be greater than 2% of total plan assets.

Flat fees generally range from \$500.00 to \$20,000. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement including the number of services and the specific services you select in your agreement (see Item 4 above). All fees will be discussed and agreed upon ahead of time and noted in your agreement. Any unearned fees will be returned.

### **Other Compensation for the Sale of Securities or other Investment products**

Our management and our IAR's are registered representatives and investment advisor representatives with LPL Financial (LPL), a full-service securities broker-dealer and investment adviser. LPL is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). In their registered representative role, our associates may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds.

Transactions in LPL advisory program accounts are generally effected through LPL as the executing broker-dealer. Our IAR's may receive compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what they would receive if the client participated in other programs, whether through LPL or another vendor, or paid separately for investment advice, brokerage and other services.

Our management and our IAR's may also be licensed insurance agents through numerous insurance companies. In such a capacity, they may offer insurance products and receive normal and customary commissions as a result of such purchase.

We want you to be aware that the practice of accepting commissions for the sale of securities or other investment products presents a conflict of interest and gives an incentive to our firm and/or our IARs to recommend investment products based on the compensation received, rather than on your needs. We try to address these conflicts by clearly explaining this conflict to clients and, specifically, when recommending mutual funds with a “load,” or commission, that “no-load” funds are also available through our firm for investment advisory clients. You are not required to purchase investment products we recommend to you. You are also able to purchase investment products we recommend to you through another broker or agent that is not affiliated with us.

FAAS has no affiliation with LPL through ownership or control.

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## **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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We do not charge performance fees to our clients.

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## **ITEM 7. TYPES OF CLIENTS AND ACCOUNT REQUIREMENTS**

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We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types.

We provide our Investment Fiduciary & Retirement Plan Consulting services only to clients that are sponsors or other fiduciaries to retirement plans or to participants of those plans. This includes 401(k), 457(b), 403(b) and 401(a) plans. Plans may be participant-directed defined contribution plans or defined benefit plans. Plans may or may not be subject to ERISA.

Since we offer our services in a consulting capacity we have no assets under management and do not provide continuous and regular investment management or supervisory services. Thus we do not have account specific requirements.

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## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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Our IAR's will apply generally accepted investment theories so that the investment choices for the Plan are made with the objective to reasonably diversify Plan assets to minimize the risk of large losses and to provide varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposures to meet the risk-based categories identified in the Plan's IPS. IAR's may make recommendations for changes to the underlying investments and/or the asset allocation percentages of any Model Portfolios as well.

The IARs employ numerous philosophies and tools in our investment analysis and due diligence process we may utilize the following methods of analysis and strategies:

- Fundamental;
- Technical;
- Quantitative
- Qualitative

**Please note:** Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication or guarantee of future performance.

Described below are some particular risks associated with some types of investments FAAS may recommend. Risk is inseparable from return. Every investment involves some degree of risk, and both the degree of risk and the type of risk varies depending on the investment. For example, the risk of loss to principal can be very close to zero in the case of a US Treasury security, or very high for something such as a concentrated exposure to one specific foreign security. On the other hand, purchasing power risk for a US Treasury security may be higher than the purchasing power risk of a higher-yield corporate bond or an equity. An understanding of risk in different forms can help clients to understand the opportunities, trade-offs and costs involved with different investment approaches. The principal risk of any investment is that despite any comprehensive analysis, the security or instrument will not perform as expected. This can be due to, among other things:

*Market Risk:* the success of client's portfolio activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation

rates, commodity prices, economic uncertainty, changes in laws, trade barriers, currency fluctuations and controls, and national and international political circumstances. These factors may affect the level of volatility of securities prices and the liquidity of investments in client portfolios. Such volatility or illiquidity could impair profitability or result in losses.

*Equity Risk:* investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of investments may decline if the particular investments within the portfolio do not perform well in the market. Prices of growth stocks may be more sensitive to changes in current or expected earnings than prices of other stocks. Prices of stocks may fall or fail to appreciate regardless of movements in securities markets. A higher turnover rate, or increased trading may result in higher transactions costs and higher taxes in taxable accounts and may also affect the strategies' overall performance.

*Management Risk:* the strategies utilized by FAAS may not work in some market conditions; management risk could also influence mutual fund and ETF portfolio management teams;

*Fixed Income Risks:* investments in fixed income securities represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk, all of which affect their price/value. These risks represent the potential for a large amount of price volatility. In general, securities with longer maturities are more sensitive to price changes. Additionally, the prices of high-yield, fixed income securities fluctuate more than high-quality debt issues. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High-yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors. In the event of a default, the investment may suffer a partial or total loss.

*Increased Regulations:* events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend credit or restrict trading activities could adversely impact profit potential.

*Market Liquidity Risks:* the value of securities held in client accounts that are traded on exchanges and the risks associated with holding these positions vary in response to events

that affect asset markets in general. Market disruptions such as those that occurred in 1987, in September 2001, and more recently the “Flash Crash” in May 2010 (the biggest one-day point decline, 998.5 points, on an intraday basis in Dow Jones Industrial average history) could lead to violent price swings in securities held within client portfolios and could result in substantial losses;

*Small Capitalization Companies:* a portion of assets may be invested in smaller and less established companies. Both debt and equity securities of such issuers tend to be more volatile than larger, more established companies. Such volatility could adversely impact client portfolios.

*Large Company Risk:* large cap stocks can perform differently from other segments of the equity market or from the equity market as a whole. Large capitalization companies may be less flexible in evolving markets or unable to implement change as quickly as smaller capitalization companies.

*Short Sales, Leverage and Derivatives:* short sales, leverage and derivatives all represent substantial risks given their inherent heightened risk of loss. Leverage and derivatives imply borrowing capital. When such borrowing is deployed, losses can escalate quickly should investment suffer even small losses. Short sales involve a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Short positions can also be subject to a “short squeeze” that could lead to accelerating losses for those short that particular security.

*Leverage Risk:* which may increase volatility of the portfolio.

*Price and Interest Rate Risk:* when interest rates change, the price of a bond is likely to adjust up or down so that its yield, based on the new price, is in line with the new level of interest rates. Interest rate risk is probably the most significant risk facing clients in fixed income securities because it affects all bonds similarly.

*Credit Risk:* the market’s perception of the bond issuer’s ability to pay interest and repay principal.

*Convertible Arbitrage Risk:* if interest rates on the convertible security rise, its value usually falls.

*Short Sales Risk:* if the value of a security sold short increases prior to the scheduled delivery date, the account must pay more for the security than it has received from the purchaser in the short sale.

*Options and Futures Risk:* the risk that the counter-party that wrote the option will be unable or unwilling to perform its obligations under the option contract, or the options

may become illiquid and difficult to close. Options are a derivative of stocks. An option derives its value from the price of the underlying stock.

*Tax Risk:* FAAS in some cases may not manage client accounts with tax consequences in mind; some strategies, including transactions in options and futures contracts, can be subject to special tax rules, which may have adverse tax consequences for the account holder.

*Private Placements:* these instruments are exempt from registration under federal securities laws, have limited or no transparency as to the underlying investments, and are generally available only to “accredited” or “qualified investors,” who are assumed to be sophisticated purchasers who have little or no need for liquidity from such investments, and are able to withstand the loss of some or all of their investment. Limitations on withdrawal rights and non-tradability of interests create higher liquidity risk and such investments should be viewed as long-term investments. Clients do not have access to public information, and the securities purchased are deemed restricted, are not traded on a secondary market or exchange and the instrument is thus illiquid. Partnership and fee expenses may be a higher percentage of net assets than traditional investment strategies and may include performance or incentive fees. The duration of private fund investments with longer-term securities are more sensitive to interest rates and include the possibility of more volatility than other investments. This is not an exclusive list of potential or actual risks in any particular private placement. Potential investors should review the particular private offering memorandum for more complete risk and strategy information.

*Extraordinary Events:* global terrorist activity and United States involvement in armed conflict may negatively affect general economic fortunes, including sales, profits, and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure.

*Non-US Investments:* Client funds may be invested in securities (e.g., debt, equity, currencies, derivatives, etc.) of issuers domiciled outside the United States. Such investments expose a portfolio to a number of risks that may not exist in the domestic market alone. Such risks include, among other things, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the removal of funds or other assets, possible nationalization of assets or industries, political difficulties, and political instability in foreign nations.

*Potential Concentration:* client portfolios may have highly concentrated positions in issuers engaged in one or a few industries. This increases the risk of loss relative to the market as a whole.

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## **ITEM 9. DISCIPLINARY INFORMATION**

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Neither our firm nor any of our management persons have been subject to any material legal or disciplinary events.

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## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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As discussed in Item 5 above, our firm's management and IARs are registered representatives of LPL Financial, member FINRA/SIPC. Management and IARs may offer securities and receive normal and customary commissions as a result of securities transactions. This presents a conflict of interest to the extent that the management and IAR recommend that a client invest in a security which results in a commission being paid to him/her. Please refer to Item 12 for a discussion of the benefits registered representatives may receive from LPL and the conflicts of interest associated with receipt of such benefits. In addition, as a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about FAIM's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact the CCO.

FAAS has an affiliated investment adviser under common ownership and control, Financial Advocates Investment Management, LLC ("FAIM"). This firm is run by the same management team, operating out of the same location as FAAS and using the same personnel and other resources. However, it operates under a different business model and IARs of FAIM are not also IARs of FAAS.

Some FAAS IARs are insurance agents appointed with various insurance companies and some IARs are insurance agents running their own insurance agency. This presents a conflict of interest to the extent that the agent recommends that a Client purchase insurance products which results in a commission being paid to that agent.

Clients are under no obligation to act upon any recommendation or effect any transactions through the IAR/agent if they decide to follow the recommendations made.

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## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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FAAS has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all of our clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics.

We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understood, and agreed to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

See Item 12 below for additional information regarding brokerage commissions.

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## **ITEM 12. BROKERAGE PRACTICES**

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Our supervised persons are registered representatives and investment advisor representatives with LPL Financial ("LPL"), member FINRA/SIPC. If the client desires to engage the IAR to provide brokerage services acting as a registered representative of LPL the IAR will receive brokerage related compensation for those services, such as commissions and/or trail fees. LPL provides information regarding such brokerage compensation at the time of a brokerage transaction. When considering whether to implement a recommendation through your IAR and LPL, clients should discuss with the IAR how LPL and the IAR will be compensated. Fees and Commissions may also be higher or lower than services provided by other vendors. Using our IAR's to provide brokerage services for you creates a potential conflict of interest that may give our IARs an incentive to recommend services based on the compensation they will receive. This in no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us. Please refer to Item 5 of this brochure.

In addition, FAAS and our supervised persons do not receive soft dollar benefits and do not receive compensation for client referrals. We do not perform investment management services



for clients. Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

### **Transition Assistance Benefits**

LPL Financial provides various benefits and payments to Dually Registered Persons that are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Dually Registered Person's clients transitioning to LPL Financial's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person at [his/her] prior firm. Such payments are generally based on the size of the Dually Registered Person's business established at [his/her] prior firm and/or assets under custody on the LPL Financial.

Transition Assistance payments and other benefits are provided to associated persons of FAAS in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to FAAS' advisory business because it creates a financial incentive for FAAS' representatives to recommend that its clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its clients' assets with LPL Financial and therefore FAAS has an incentive to recommend that clients maintain their account with LPL Financial in order to generate such benefits.

FAAS attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person. FAAS considers LPL Financial's execution capability, commission rate, financial responsibility and responsiveness to our firm and our Client when recommending or requiring that clients maintain accounts with LPL Financial. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at LPL Financial.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

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## **ITEM 13. REVIEW OF ACCOUNTS OR FINANCIAL PLANS**

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The Chief Compliance Officer or one of FAAS' designated compliance officers oversees and monitors the IAR's activities with FAAS on a regular basis. The Chief Compliance Officer or a designated compliance officer conduct reviews of all client agreements and financial plans, as applicable.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to Comprehensive Financial Planning or Hourly Consulting clients, unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

Investment Fiduciary Retirement Plan Consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to pension consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

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## **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Suggestion of Brokers to Clients**

We recommend LPL Financial. LPL is the broker-dealer and investment adviser with which our representatives are also associated. As a result of the individual association of our representatives with LPL, we are generally required to utilize the brokerage/custodial services of LPL for investment advisory accounts (see item 12 above).

FAAS and/or its Dually Registered Persons are incented to join and remain affiliated with LPL Financial and to recommend that clients establish accounts with LPL Financial through the provision of Transition Assistance (discussed in Item 12 above). LPL also provides other compensation to FAIM and its Dually Registered Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits.

The receipt of any such compensation creates a financial incentive for your representative to recommend LPL Financial as custodian for the assets in your advisory account. We encourage you to discuss any such conflicts of interest with your representative before making a decision to custody your assets at LPL Financial.

### **Referral Fees**

We do not receive compensation for client referrals.

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## **ITEM 15. CUSTODY**

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We do not maintain custody of client funds or securities.

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## **ITEM 16. INVESTMENT DISCRETION**

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FAAS does not manage securities on behalf of clients and, therefore, discretionary authority is not granted or accepted.

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## **ITEM 17. VOTING CLIENT SECURITIES**

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FAAS does not manage securities on behalf of clients and, therefore, we will not receive a proxy to vote client securities.

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## ITEM 18. FINANCIAL INFORMATION

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We are not required to provide financial information in this Brochure because:

- We do not require nor do we solicit prepayment of more than \$1,200 in fees, per client, six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.