

## **Form ADV Part 2A Disclosure Brochure**

### **The Bradford Financial Center, LC**

**Located at:**

119 Central Ave W  
Clarion, IA 50525

**Mailing Address:**

PO Box 540  
Clarion, IA 50525

**Phone:** (515) 532-6661

**Fax:** (515) 532-6547

**Website address:** [www.bradfordfinancialcenter.com](http://www.bradfordfinancialcenter.com)

**Contact Person:** Shallon Weis

**Updated:** January 8, 2024

This brochure provides information about the qualifications and business practices of The Bradford Financial Center, LC. If you have any questions about the contents of this brochure please call us at (515) 532-6661 or email us at [shallon@bradfordfinancialcenter.com](mailto:shallon@bradfordfinancialcenter.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 the Bradford Financial Center is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2. Material Changes**

This section discloses material changes to this document since the last annual updated filing. Since the firm's last annual updating amendment, the following material changes have been made to it:

- Item 4 was amended to reflect that, as of December 31, 2022, BFC had \$186.889 million in assets under management, all on a discretionary basis.
- Item 18 was amended to remove the following disclosure relating to BFC's PPP loan, as it was forgiven on November 20, 2020:

On April 17, 2020, the firm received a Paycheck Protection Program (PPP) Loan through the SBA in conjunction with the relief afforded from the CARES ACT. The firm used the PPP Loan to continue payroll for the firm and the firm did not suffer any interruption of service. Additionally, the firm does not believe that the circumstances leading to this loan were likely to impair in any way the firm's ability to meet its contractual commitments to clients.
- The brochure was amended throughout to deleted references to BFC's use of United Planners/Pershing as custodian/broker for its Watch and Manage program.
- Item 4 was amended to reflect the following:

### **Fiduciary Status**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts.

### **Conflict of Interest**

The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. For example, if you roll over an IRA or 401k account to our firm or otherwise transfer any other account to our firm, we will charge your account and make money. If you decide to not roll over the IRA or other account to our program, we will not make money. While we therefore have a financial incentive to recommend that you to move your account to our program, we have established policies and procedures that are designed to address this conflict between our interests and yours and ensure that all recommendations made to you are in your best interest.

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## **Item 4. Advisory Business**

### **Overview of the Bradford Financial Center**

The Bradford Financial Center, LC (BFC) is an independent financial planning firms with its primary office located in Clarion, Iowa. BFC, under its current and previous business names, has been in business since 1970.

BFC is wholly owned by James W. Tausz, who is also the Chief Executive Officer, Chief Financial Officer and Chief Compliance Officer of BFC.

Directly and through its affiliates and other companies, BFC strives to meet its clients' varied financial needs. BFC is an investment advisory firm that is registered with the Securities and Exchange Commission and provides services in its home state of Iowa as well as a number of other states in which it has provided the state with proper notice or in which it such requirements do not apply. BFC directly provides the following services to its investment advisory clients:

### **Financial Planning**

BFC provides comprehensive financial planning services in which it provides analysis and recommendations to you in one or more of the following areas:

- business planning (may include some or all of the following):
  - business structure,
  - retirement plans,
  - general business planning,
- estate planning,
- tax planning,
- retirement planning,
- children's education funding,
- pension analysis,
- deferred compensation analysis,
- estate analysis,
- conservation planning,
- specialized financial objectives, and
- life and health insurance planning.

BFC's professional staff carefully reviews your confidential data questionnaire and other documents you provide and prepares a written report that, among other things, provides you with specific recommendations of actions for you to take. Implementing the recommendations requires that you working closely with your attorney, accountant, insurance agent, and stockbroker. However, whether or not to implement our recommendations is exclusively your decision.

Your financial plan and related report(s) will generally include:

1. A general discussion of the impact of taxes and inflation upon your ability to accumulate assets and attain financial security both now and in the future.
2. A summary of the assumptions that we use in preparing the financial plan and/or estate analysis.
3. A detailed discussion of your objectives and personal risk attitudes.
4. Our recommendations to you that are designed to help you attain your objectives and additional steps that you should consider as you work toward achieving financial security.

Just as every client is unique, every financial plan is unique and your plan will cover those areas that are most applicable to you or that you specifically request.

As of March 28, 2022 BFC managed \$207.5 million in discretionary accounts and no assets in non-discretionary accounts.

### **Watch and Manage Service**

BFC provides the Watch and Manage service, in which it manages your investment portfolio(s) in a manner appropriate to your investment objectives and risk tolerance levels.

An Investment Advisory contract is signed which allows BFC to move your assets from an investment position to the money market when conditions warrant the move. When deemed appropriate, BFC will move your money from the money market back to an investment position. Each investment is followed and managed by sector and individually by Bradford's Watch and Manage system. The Watch and Manage service is also available for switching between the subaccounts of a variable annuity. This only applies to contracts sold more than five years ago.

Watch and Manage determines a security's placement by use of a computer program. The program is designed to react to in and out market trend indicators and signals. Once a "move" signal is identified, current news regarding the security is gathered and researched before making a final move decision. If, after research, a move is postponed, the security will remain on a "special watch list" until a clear "in" or "out" sign has been realized.

After a security has been moved from its investment position to the money market, the money is not necessarily reinvested in the account's original position. For example, you may have had your money invested in "Security A" and the position is sold and moved to money market due to the negative market trend of this stock. For example, if the management program identifies "Security A's" short and long term market outlook as being weak, BFC will then determine if there is a better opportunity in reinvesting the "Security A" position into a position with more positive short and long term potential, such as "Security B."

The Watch and Manage Service may help you protect your portfolio in a down market and increase your earnings in an up market. Even so, you should be aware that we cannot provide an assurance that our management service can protect against loss or guarantee a profit.

### ***Important Information about the Watch and Manage Service***

- If BFC believes that the market dictates a change to your portfolio holdings, BFC may sell your positions under the Watch and Manage Service and transfer the resulting cash balances into cash or cash equivalents.
- BFC will only recommend the sale and purchase of securities in your account if it believes your investment or personal objectives can be better served.
- All transactions will be at the custodian/broker-dealers transaction charges applicable to your account and no commissions will be paid BFC or your investment adviser representative.
- If your account is not a retirement plan such as an IRA or profit sharing, pension, 401K or other tax deferred plan, you will incur long or short-term tax liabilities on any realized net profits that will reduce the net after-tax return of your account.
- When repurchasing sold securities, BFC takes into consideration the objective of the original investment.
- Should you wish to exchange the base investment, your risk may increase, decrease, or remain about the same depending on the new security position you choose.
- While Watch and Manage attempts to protect the original (base) investment from individual security and general market declines, BFC cannot guarantee this objective will be met.
- While Watch and Manage strives to enhance the possibility of profits in an ever-changing market and to secure and protect profits already made in a security position, BFC cannot guarantee that any profits will be made.
- Material facts on which BFC based a recommendation to liquidate your original investment are available upon request.
- Material facts concerning a new investment will be provided when requested. Additionally, a prospectus will be provided to you for each applicable investment by the broker/custodian or, in the case of accounts held through United Planners Financial Services of America (United Planners), your BFC Investment Advisor Representative.

- Should a Client request a completely new security any cost to transfer may need to be covered by the Investor. These costs must be identified by the Advisor before making a new purchase.

Clients may provide reasonable restrictions and guidelines to BFC with respect to the management of the Client's account. Restrictions and guidelines imposed by the client may affect the composition and performance of custom portfolios.

#### ***Watch and Manage and 401k accounts***

BFC also provides the Watch and Manage service for certain 401k accounts held in custody at TD Ameritrade. The Plan Sponsor and/or Responsible Plan Fiduciary are responsible for the selection of the third-party administrator and the account custodian. BFC provides the following services with respect to 401k plans:

- Assists in the selection and ongoing review of plan's investments based on the needs and demographic profile of the company,
- Conducts enrollment meetings to encourage plan participation,
- Organizes ongoing educational sessions as needed, and
- Helps employees make informed investment decisions.

#### **SEI Asset Management Program**

Additionally, BFC IARs manage client portfolios through the SEI Asset Management Program (the "Program") sponsored by SEI Investments Management Corporation ("SIMC"). In this program, SIMC provides advisory services to BFC (but not to the client) involving the structure and design of asset allocation portfolios typically comprised solely of mutual funds advised by SIMC. SIMC also advises BFC with respect to reallocation and rebalancing of investments within such asset allocation programs.

The Program is designed as follows:

1. Determine the investor's risk profile and investment objectives. The BFC IAR determines the investor's investment objectives, investment time horizon, and risk profile by means of an interview process and the completion of a questionnaire. This process will help the BFC IAR review the client's situation and enable the IAR to recommend an initial asset allocation based on the client's specific needs and goals.
2. Set a relevant asset allocation policy for the investor. The investor chooses one of many mutual fund asset allocation models. The investor may also purchase the individual mutual funds without choosing one of the asset allocation models. If the investor so chooses, automatic rebalancing to model allocation and recommended model allocation changes will not be available. The BFC IAR will, if appropriate, suggest modifications to these models to more adequately address the client's individual needs. The client may place reasonable restrictions on the nature of the funds held in the portfolio or the allocation among the various classes, and the IAR will assist the client in understanding and evaluating the potential impact of these restrictions on the model portfolios.
3. Diversify among asset classes and styles. The investment managers of the underlying mutual funds are selected by SIMC. SIMC utilizes institutional investment management firms. The managers are monitored by SIMC to ensure that their investment styles and performance remain consistent with the objectives of the mutual funds.
4. Rebalance the investor's portfolio. Rebalancing maintains the proper allocation to each asset class in the model. Rebalancing occurs automatically if the underlying mutual funds deviate from the prescribed quarterly allocation by greater than a specified variance. Rebalancing occurs quarterly with no transaction fees.
5. Report results. SEI Private Trust Company (a subsidiary of SEI Investments Company) acts as the transfer agent and custodian for the investor's account. SEI Private Trust Company provides reporting services including consolidated quarterly statements, quarterly performance reports, and year-end tax reports. Accounts will be monitored quarterly and, when appropriate, BFC will suggest a reallocation of

the portfolio based on changing economic conditions or changes in the client's individual circumstances. BFC will manage advisory accounts on a nondiscretionary basis.

As economic or market changes occur, SIMC will make a quarterly review of its model allocations and may recommend changes in these model allocations to BFC. SIMC will automatically reallocate all client holdings in model portfolios unless instructed to do otherwise by BFC. SIMC will not make any ongoing recommendations concerning portfolios which deviate from SIMC's models ("custom portfolios"); BFC is responsible for all reviews and must instruct SIMC to make any changes to such portfolios.

Should the client's individual situation change, the client should notify their BFC IAR, who will assist the client in revising the current portfolio and/or reevaluate their financial situation to determine if a different model portfolio would be appropriate to the client's new situation.

For more complete information concerning the SEI Program including, among other things, services and fees, please refer to the SEI Program disclosure brochure and the SEI Program Client Agreement, which is provided separately by BFC to the Client.

### **Third-Party Investment Advisor Referral Services**

BFC may enter into agreements with various third-party investment advisors (**TPIAs**) for the management of client accounts. Under these agreements, BFC will offer clients various types of advisory programs sponsored by these advisors. All TPIAs to whom BFC will refer clients will be licensed as investment advisors in the client's home state, registered as investment advisors with the Securities and Exchange Commission (**SEC**) or otherwise exempt from such licensing or registration. BFC does not accept discretionary authority to select TPIAs or TPIA programs without obtaining specific client consent.

After gathering information about a client's financial situation and investment objectives, BFC may recommend specific services or programs of TPIAs to clients that are suitable and appropriate for the client based on the clients' individual needs and circumstances, including investment objectives and risk tolerance levels, as they have made them known to BFC. Factors that BFC takes into consideration when making such recommendations include, but are not limited to, the TPIA's performance, methods of analysis and fees. BFC periodically reviews the TPIA and its performance for continued consistency with the client's investment objectives and risk tolerances.

At the time of the referral, clients who are referred to TPIAs will receive the respective TPIA's Form ADV Part 2 disclosure brochure and/or other relevant disclosure documents. These documents are designed to, among other things; provide complete disclosure of the TPIA, including services rendered, frequency of billing, fee schedules, the compensation to be paid to BFC as a result of the referral and whether the client may impose restrictions on investing in certain securities or types of securities.

Please see Item 5 below for additional information concerning BFC's TPIA program.

### **Consulting Services for Appreciated Property**

BFC provides custom benefit designs and approaches to structured sales of businesses, stocks, real estate, and other appreciated property with a focus on saving income and estate taxes. BFC may recommend one or more strategies that are designed to accomplish these objectives including, but not limited to:

- Structured Settlements,
- Deferred Sale Trust (DST),
- Private Annuity Trust (PAT),
- 1031 Exchanges, and
- Other specialty tax planning strategies.

### **Fiduciary Status**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income

Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts.

### **Conflict of Interest**

The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. For example, if you roll over an IRA or 401k account to our firm or otherwise transfer any other account to our firm, we will charge your account and make money. If you decide to not roll over the IRA or other account to our program, we will not make money. While we therefore have a financial incentive to recommend that you to move your account to our program, we have established policies and procedures that are designed to address this conflict between our interests and yours and ensure that all recommendations made to you are in your best interest.

### **Assets Under Management**

As of December 31, 2022, BFC had \$186.889 million in assets under management, all on a discretionary basis.

## **Item 5. Fees and Compensation**

### **Financial Planning**

BFC generally charges hourly fees for its financial planning services. BFC may waive the hourly fee in its sole discretion if you engage BFC for its Watch and Manage service. The hourly rate varies from \$100 to \$500, depending on the number of recommendations implemented, the legal documents needed, legal services needed, and which staff personnel's time is required. The maximum fee for your requested financial planning services will be set by BFC at the time you sign the advisory contract. If you terminate your contract within five business days from when you signed it, BFC will refund all fees you have paid for your financial planning services. If you terminate your contract after five business days of when you signed it, BFC will refund all unearned fees to you based on the time and effort expended by BFC before the termination. If you feel the job was done poorly, BFC will allow you to reduce the bill from its original amount to the value you feel you have received. Your agreement terminates upon BFC's presentation of the written plan to you.

You may request specialized reports, reviews or services. BFC's fees for these specialized services are determined as follows:

1. Trust related work: based on number of changes in registrations on securities, legal documents needed, legal services needed, and the expertise of staff personnel required to complete the work.
2. Specialized consulting services: based on complexity and value added to the client as well as time expended. The amount of assets directed will have a bearing on the final cost.
3. Analyzation: All fees are disclosed at the time the analyzation service is requested, are mutually agreed upon, and established prior to the signing of the agreement.
4. Business Administration and Development: includes providing the client advice on matters related to start up and existing business administration and development. This service includes but not limited to specific administration and or development advice, budgeting, counseling, bookkeeping, inventory control, marketing, administration, supervision, special project development, and business planning. This fee shall be documented and agreed upon the signing of this contract.

Fees are payable at the time of signing the agreement in advance of written reports and/or consultations. There may be exceptions to this fee agreement when mutually arranged by planner and client, but is not encouraged. BFC will never require you to prepay fees of \$1200 or more six or more months in advance of services rendered.

### **Use of Outside Consultants**

BFC may request that you engage, or authorize BFC to engage on your behalf, outside consultants such as attorneys or CPAs when specialized expertise is required in the financial planning process. For



example, we may recommend that you engage an outside law firm to provide estate planning, tax planning, trust planning, and other legal services or outside accounting firms for tax planning and other tax and accounting services.

Additionally, if you are a business, BFC and its principals and associated persons may refer you to certain outside pension consultants to perform actuarial or other pension-related services.

BFC will only share your personal information with outside consultants in accordance with the provisions of BFC's privacy notice to you. You are not obligated to implement any advice provided by, or purchase any service presented by, outside consultants.

It is your decision whether or not to engage the services of any outside consultant, including attorney's, CPA's, pension or other consultants. You should be aware that outside consultant fees or time charges will be in addition to BFC's fees. You are responsible for paying any fees or charges of authorized outside consultants that you engage or BFC engages on your behalf.

### **Watch and Manage Service**

For the Watch and Manage service, BFC's annual management fee will range from .1% to 2% of your assets in the service, as negotiated and agreed upon in your Watch and Manage advisory agreement. Fees are paid at the beginning of the quarter for services to be provided in the upcoming quarter. Your initial fee is based on the amount to be managed and the number of days left in the initial quarter. This initial fee is due when you sign the Watch and Manage advisory agreement. Fees will also be assessed when you deposit additional amounts into your Watch and Manage account, based on the amount deposited and the number of days remaining in the current quarter. Each subsequent quarter, one fourth of the annual fee is assessed against the value of your account as reflected on your quarterly account statement provided by your broker-dealer/custodian or, in the case of variable annuities, product sponsor.

BFC's fees are generally billed to your account, with your written permission.

In the event you or we terminate your Watch and Manage agreement, you may request a refund of prepaid, unearned management fees, which will be based on the number of days remaining in the current billing period.

### **Watch and Manage and 401k accounts**

BFC also provides the Watch and Manage service for certain 401k accounts held in custody at TD Ameritrade. The Plan Sponsor and/or Responsible Plan Fiduciary are responsible for the selection of the third-party administrator and the account custodian. BFC does not have the authority to directly bill client accounts, but submits fee billings to the third-party administrator, who is authorized by the plan to bill BFC's advisory fees to the accounts.

### **Watch and Manage and Variable Annuity accounts**

BFC's fees are generally billed to your account, with your written permission. Some variable annuity companies do not accept standing letters of authorization for BFC to bill your account. In these cases, BFC will ask you to provide a new authorization each quarter to bill BFC's fees to your account.

### **Set-Up Fees**

BFC also charges a set-up fee of no more than 1% of the amount to be managed Under the Watch and Manage service. This set-up fee applies to all new dollars coming into management. This set-up fee is non-refundable, except that if the client terminates this agreement within 5 (five) business days of its execution, the set-up fee will be refunded in full.

### **SEI Asset Management Program Fees and Billing**

SEI Program management fees are payable quarterly, in arrears, based on assets under management at the end of the quarter. Management fees are automatically deducted from the client's account by SEI. Each quarter, SEI will send the client an account statement that will include a management fee notification which will show the computed fee, any adjustments to the fee, an explanation of any

adjustment and the net management fee to be deducted from the account later in the period. Management fees are paid to BFC. Clients may terminate their SEI Program account at any time by notifying BFC. Termination will be effective upon receipt of such notice. If the client terminates their services within five business days of executing the client agreement, services will be terminated without penalty. After the initial five business days, the client may be responsible for payment of fees for the number of days services were provided by BFC prior to receipt of the notice of termination.

The maximum total management fee charged to the client by SEI and paid to BFC will not exceed 2.0%. Custodian fees and internal mutual fund expenses are separate from the management fees. Complete details on the fees and expenses for the SEI program are disclosed in SEI's disclosure brochure which will be given to all clients. The exact fee and/or fee schedule for each client will be disclosed in SEI's client agreement.

SEI may charge a separate custodial fee for the custody services it provides the client's account. Mutual funds held in the account pay their own advisory fees and other expenses which are explained in each mutual fund's prospectus. These fees and expenses are separate charges from the account management fees.

### **Third-party Investment Advisor Referral Services Fees**

BFC receives compensation as provided for in its agreements with TPIAs for introducing clients. This compensation to BFC is typically equal to a percentage of the investment advisory fee charged to the client by that TPIA and is disclosed to the client in the TPIAs Form ADV Part 2 and/or Solicitors Disclosure Statement.

Both the overall fee paid by the client, as well as the portion of the overall fee paid by the TPIA to BFC, may or may not be negotiable, as disclosed in the disclosure documents of the TPIA. As disclosed in the next paragraph, the client is responsible for paying any transaction charges applicable to their account, which are in addition to these advisory and custodial fees.

Certain programs may charge a "wrap fee", which is a single periodic fee that is charged to the client for both brokerage and investment management services. If a wrap fee program is not selected, the client will pay separately the management fee by the TPIA and transaction charges by the securities broker-dealer. If a client selects a wrap fee program, these services are provided for one "wrap fee" and this combined wrap fee may be higher than if the client had paid separately for advisory fees and brokerage commissions paid on a transaction by transaction basis.

Clients who are referred to TPIAs will receive full disclosure relating to the TPIA and its program, including services rendered and fee schedules, at the time of the referral by delivery of a copy of the respective TPIA's Form ADV Part 2. If the investment program recommended to a client is a wrap fee program, the client will receive the wrap fee brochure provided by the sponsor of the program. BFC will provide to each client all appropriate disclosure statements, including disclosure of solicitation fees to BFC as required by SEC Rule 206(4)-3 and applicable state requirements.

Clients will sign an advisory agreement with BFC and will also sign an advisory agreement directly with the TPIA of the program selected. The advisory relationship may be terminated by the client, BFC, or the TPIA in accordance with the provisions of those agreements. The client will typically receive a pro-rata refund of any prepaid advisory fees upon termination of the advisory agreement with a TPIA, as specified in the client's agreement with the TPIA. Additionally, a client may terminate its advisory agreement with BFC without being assessed any penalty within five (5) business days of its signing.

### **Consulting Services for Appreciated Property**

BFC and your IAR will not participate in any fees or administrative charges in relation to the legal and professional review, design, and implementation of any of these strategies. If the client places assets from the liquidation of appreciated property under the Watch and Manage Service, BFC does not charge a separate fee for its consulting services for appreciated property. If the client does not utilize the Watch

and Manage Service for assets from the liquidation of appreciated property, BFC and the client will agree upon a one-time, fixed fee for this appreciated property consulting service.

### **Additional Fees and Expenses**

#### ***Mutual Fund and Other Internal Investment Charges***

When recommending mutual funds, BFC recommends only no-load or load-waived mutual funds in the Watch and Manage service. However, all mutual funds, exchange traded funds and other investment company securities (Funds) incur certain types of charges and expenses, which are paid from the value of the mutual funds' shares. These charges and expenses include investment management, transaction, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees. If your account holds any such Fund shares, you will be indirectly paying these expenses, which are in addition to your Watch and Manage management fee. You are encouraged to read the prospectuses of any Funds which are purchased in your account for a more complete explanation of these fees and expenses.

With certain exceptions, you can purchase shares of Funds outside of your Watch and Manage account without paying for and receiving the benefit of the Watch and Manage services. Certain Funds are offered generally to the public without a sales charge and, for those Funds that are offered with a sales charge, the sales charge described in the Fund's Prospectus may be more or less than the Watch and Manage management fee.

You should also be aware that the Watch and Manage fee described above will be imposed on all Fund shares that you designate as Watch and Manage assets and place in your Watch and Manage account, including Fund shares on which you may have previously paid a sales charge. You may also be charged redemption fees from mutual funds that were redeemed in order to participate in Watch and Manage. You should be aware that any redemptions and exchanges between Funds in your Watch and Manage account might have tax consequences, which you should discuss with your independent tax advisor.

Certain investments such as Exchange Traded Funds (ETFs) American Depository Receipts (ADRs), Global Depository Receipts (GDRs) or Real Estate Investment Trusts (REITs) bear fees and expenses that are in addition to the Watch and Manage Fee.

#### ***Commissions and Fees for Securities Purchased Through United Planners***

In their individual separate capacities, BFC IARs are also registered representatives with United Planners Financial Services of America (United Planners), a broker-dealer and member of FINRA. In this capacity, BFC IARs may offer clients certain securities products provided by United Planners. Except for transactions in non-commissionable securities accounts under the Watch and Manage program, if you purchase or sell securities from your BFC IAR as a registered representative of United Planners, then your BFC IAR will receive commissions from United Planners from the transaction. This is a conflict of interest, as this receipt of additional compensation from such investment advisory recommendations can conflict with the fiduciary duties owed to clients by an investment advisor. Investment advisory clients are under no obligation to purchase from your BFC IAR any commissionable securities that he or she recommends and you may purchase such securities from the broker-dealer of your choice. Additionally, BFC IARs are required under BFC's policies and procedures to make recommendations that are in your best interest, which include whether to recommend that you use a commissionable brokerage account through United Planners or a non-commissionable fee-based advisory account through BFC.

#### ***Brokerage and Custodial Charges***

In addition to BFC's Watch and Manage fee, you will also pay any brokerage or custodial costs associated with your account. For more information about BFC's brokerage recommendations and arrangements, please refer to Item 12 of this brochure.

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

BFC does not charge fees based on a share of capital gains or capital appreciation of the assets in a client's account.

## **Item 7. Types of Clients**

BFC provides services to individuals, trusts, estates, charitable organizations, businesses (e.g., corporations and LLCs), and pension and profit sharing plans.

BFC does not impose a minimum account size on its investment advisory accounts. Minimum account sizes for TPIA referral and the SEI programs may vary and are disclosed in their respective disclosure materials.

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

### **Methods of Analysis**

BFC uses a combination of the following methods of analysis when making recommendations or managing client accounts: charting, fundamental analysis, technical analysis, and cyclical analysis.

### **Investment Strategies**

BFC uses a combination of the following investment strategies when implementing advice given to clients: long-term purchases, short-term purchases (securities sold within a year), and trading (securities sold within 30 days). While it is BFC's goal to primarily use long-term purchases, BFC may occasionally determine that it is in the client's best interest to buy or sell securities on a short term basis in order to capture profits or protect against loss.

### **Risk of Loss**

All investments and investment programs have certain risks that are associated with them and which the investor must bear. Following are the types of risk that may arise to clients due to the types of securities that are recommended to or purchased for clients:

Business Risk – the risk that the price of an investment will change due to factors unique to that company, investment or market segment and not the market in general.

Liquidity Risk – the risk associated with the ease of being able to quickly convert the value of a security into an equivalent amount of cash. For example, money market funds are readily convertible (liquid) while certain limited partnership units or real estate are not.

Financial Risk – the risk to specific companies' future earnings due to their use of debt. Companies that borrow money must pay it back at some future date, plus the interest charges. This increases the uncertainty about the company because it must have enough income to pay back this amount at some time in the future.

Exchange Rate (Currency) Risk – the risk that investors in foreign investments may be subject to different exchange rates at the time they wish to convert investment proceeds back to their home currency. If exchange rate risk is high, even though substantial profits may have been made in the foreign markets, a less favorable exchange rate may reduce or eliminate these profits.

Country (Political) Risk – the risk that a major change in the political or economic environment of a foreign country may devalue investments made in that country. This risk is usually restricted to emerging or developing countries that do not have stable economic or political environments.

Market Risk – the risk that the price of a particular investment will change as a result of overall market conditions that are not specific to that particular company or investment.

Interest Rate Risk – the risk that interest rate changes will affect the price of a particular investment. For example, when interest rates rise, the price of bonds generally fall.

The specific risks associated with TPIA programs are disclosed in the TPIA's disclosure brochure.

## **Item 9. Disciplinary Information**

BFC and its principals and management personnel have not been involved in certain specified legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

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

#### **James Tausz' ownership of the Bradford Group and subsidiaries**

Mr. Tausz is the sole owner of the Bradford Group, Inc, which in turn owns a number of other companies, including: Commercial Funding LLC, Bradford Insurance LLC, and Bradford Tax & Accounting Network LLC.

Commercial Funding LLC (CF) brokers out mortgage loans for commercial property. James Tausz is a loan officer of CF and may offer investment advisory clients who own commercial property the opportunity to use his services as a loan officer with Commercial Funding LLC to finance or refinance such property with various lenders. The client is under no obligation to utilize CF's services or to purchase any service that is presented. Commissions earned by Commercial Funding representatives are paid to Bradford Group, Inc.

Bradford Insurance LLC is a licensed insurance general agency for health insurance, life insurance, annuities and disability income insurance products. Bradford Insurance offers insurance products from a variety of insurance companies. James Tausz is also a licensed insurance agent with Bradford Insurance and offers insurance products through Bradford Insurance. As a licensed insurance agent, he may offer investment advisory clients the option to purchase insurance products through him. If a client purchases insurance products through him, he will receive commission and related compensation, such as insurance trail fees, as a result of the sale. This is a conflict of interest, as his receipt of compensation from such recommendations can give him an incentive to recommend investment products based on the compensation received, rather than on the needs of the client. The client is under no obligation to purchase any insurance product that is presented from Bradford Insurance and may purchase such products from the insurance company or agency of their choice.

Bradford Tax & Accounting Network LLC (BTAN) provides tax return preparation and accounting services. The client is under no obligation to purchase any service that is offered by BTAN. Fees earned by BTAN are paid to Bradford Tax & Accounting Network LLC.

#### **James Tausz' affiliation with United Planners**

James Tausz is a registered representative (RR) with United Planners Financial Services of America (United Planners), a broker-dealer and member of FINRA. United Planners and BFC are not affiliated. In his capacity as a United Planners RR, Mr. Tausz may offer clients certain securities products provided by United Planners. See Item 5 above for more information about this affiliation, including conflicts of interest.

United Planners is a Limited Partnership in which James Tausz is also a limited partner. Limited partners receive a percentage of United Planners' net profit on an annual basis. This presents a potential conflict between the interests of James Tausz and the client because limited partners may recommend products or services that produce more revenue for the firm and thus increase their annual profit distribution.

Clients should be assured that, as required by BFC's Code of Ethics, Mr. Tausz and other BFC IARs make every effort to recommend securities and insurance products that are in the client's best interest, without consideration of compensation arrangements. Further, should clients elect to implement financial planning recommendations through Mr. Tausz or other BFC IARs, BFC may waive or reduce the amount of the client's financial planning fee as a result of the additional fees and/or commissions being earned. Any adjustment to the financial planning fee is at the discretion of BFC and will be disclosed to the client prior to implementing transactions. Finally, clients are under no obligation to purchase recommended securities or insurance products through BFC, Mr. Tausz or BFC IARs and may purchase such products through the broker-dealer or insurance agency of their choice.

### TPIAs

Because BFC and its representatives receive compensation from the Third-party Investment Advisors for referring clients and because such compensation may differ depending upon the individual agreement with each TPIA, BFC and/or its representatives may have an incentive to recommend one of these TPIAs over other TPIAs with which it has less favorable compensation arrangements, or other advisory programs offered by TPIAs with which it has no compensations arrangements. BFC requires that TPIAs are recommended based on the best interest of the client regardless of the amount of compensation earned. Further, Clients are free to not accept BFC's TPIA recommendations. BFC shall not recommend the use of a TPIA unless the TPIA is registered/notice filed or exempt from registration/notification in the client's home state.

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

### Code of Ethics

BFC has adopted a Code of Ethics (Code) that sets forth standards of business conduct, including compliance with applicable state and federal securities laws and the CFP Code of Ethics, that it requires of its officers, management and employees ("associated persons"). The Code is based on the principle that BFC and its associated persons have an overarching fiduciary duty to, at all times, place the interests of its clients first. The Code establishes that no person employed by the Firm shall prefer their own or BFC's interests over those of advisory clients and, among other things, prohibits the use of material non-public information. Pursuant to the Code, BFC seeks to avoid conflicts of interest; discloses conflicts of interest with sufficiently specific facts so that clients are able to understand them and the business practices in which BFC engages and can either give informed consent to such conflicts or practices or reject them. A copy of the firm's Code is available upon written request.

BFC or individuals associated with BFC may, for their own accounts, buy or sell securities identical to or different than those that may be recommended to clients. As these situations present a conflict of interest, the Firm has adopted policies settings forth ethical standards of business conduct that it requires of its employees, including compliance with applicable state and federal securities laws. These policies stress that no person employed by the Firm shall prefer his/her own interests to those of advisory clients and prohibit the use of material non-public information. When placing personal trades, employees may not place trades for their own account ahead of similar trades for BFC clients.

## **Item 12. Brokerage Practices**

BFC requires that a client in need of brokerage and custodial services direct it to utilize the institutional advisor program (the TDA Program) offered by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (TDA). TDA is an independent and unaffiliated SEC-registered broker-dealer, a member of FINRA/SIPC, and offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

Additionally, as disclosed above, IARs of BFC are also Registered Representatives (RRs) of United Planners, a broker/dealer and FINRA member firm and are subject to certain requirements and restriction on its business that are imposed by United Planners.

As a FINRA member, United Planners has obligations to maintain records and perform other functions regarding certain aspects of the investment advisory activities of its Registered Representatives, including James Tausz, in relation to investment advisory accounts for which it's Registered Representatives execute or direct securities transactions. These obligations required United Planners to coordinate with, and have the cooperation of, the account custodian.

In order to fulfill these obligations, United Planners' has established a list of custodian and brokerage firms which it has made the necessary arrangements and which therefore may be utilized for custody of accounts. TD Ameritrade is on United Planners' list of approved brokerage/custodial firms. In certain instances, United Planners' will collect, as paying agent for BFC, the investment advisory fee remitted to BFC by the account custodian, and United Planners' will retain a portion as a charge to the investment

advisor (not the client) for the functions United Planners' is required to carry out by FINRA. This fee will not increase execution or brokerage charges to the client or the fee the client has agreed to pay BFC pursuant to the client's advisory agreement.

Because the principals and associated persons of BFC are registered representatives of United Planners Financial Services of America:

- if a client freely chooses to implement their advice through them for commissionable securities transactions, the transactions must be through United Planners;
- if a client desires BFC to manage the client's account under the Watch and Manage service, BFC is restricted to using a broker-dealer/custodian that is acceptable to United Planners. BFC generally requires clients to use TD Ameritrade as their broker-dealer custodian.
- This limitation on the use of broker-dealers may affect BFC's ability to achieve most favorable execution of client transactions, and therefore may cost clients more money; and
- Not all investment advisers require clients to use specified broker-dealers.

#### Aggregated (Block) Trading

When BFC is placing sale transactions for your account at about the same time as for other client accounts, it may aggregate your transaction with the transactions for other clients. This provides each client with average pricing for the transaction, so that no client is disadvantaged by when their account is traded versus when another client's account is traded. If an aggregated order is only partially filled, BFC has procedures in place to ensure that no client is systematically disadvantaged through the allocation process. In instances when BFC is placing multiple client trades in the same security at approximately the same time, and the security is priced intra-day rather than end-of-day, BFC has procedures in place to rotate accounts to ensure that no single client is systematically disadvantaged by where their transaction is placed in the trading queue. Even so, because each transaction is placed separately, not all clients will pay or receive the same price for the security and the price you pay or receive may be higher or lower than that of other clients.

#### Benefits from Brokerage Firms

As disclosed above, BFC participates in the TDA Program and BFC recommends TD Ameritrade to Clients for custody and brokerage services. There is no direct link between BFC's recommendation of brokerage firms and the investment advice it gives to its Clients although BFC receive certain benefits through its participation in the TDA Program, as more fully disclosed below. As part of its fiduciary duties to clients, BFC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits from brokerage firms by BFC or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the BFC's recommendation of firms for custody and brokerage services.

#### *TD Ameritrade*

The benefits received from BFC's participation in the TDA Program are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related to products and tools; consulting services; access to a trading desk serving investment advisor 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 BFC by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by BFC's related persons. Some of the products and services made available by TD Ameritrade through the TDA Program may benefit BFC but may not benefit its Client accounts. These products or services may assist BFC in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help BFC manage and further develop its business enterprise. With the exception of certain soft dollar benefits received from TD Ameritrade discussed below, the benefits

received by BFC or its personnel through participation in the TDA Program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

#### Soft Dollar Benefits

BFC has entered into a soft dollar arrangement with TDA. Following is important information concerning soft dollar arrangements generally, as well as BFC's soft arrangement with TDA.

Generally, in addition to a broker's ability to provide "best execution," we may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to the firm, and because the "soft dollars" used to acquire them are client assets, the firm could be considered to have a conflict of interest in allocating client brokerage business: it could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

The firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker dealer for a particular transaction or set of transactions may be greater than the amounts another broker dealer who did not provide research services or products might charge.

**Research and Brokerage Products and Services** - "Research" products and services we may receive from broker-dealers may include economic surveys, data, and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions and perform functions incidental to transaction execution. We generally use such products and services in the conduct of our investment decision making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

**Other Uses and Products** - The firm may use some products or services not only as "research" and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for our administrative and other purposes as well. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable to making investment decisions and executing transactions is paid with commission dollars and we bear the cost of the balance. Our interest in making such an allocation differs from clients' interest, in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that the firm must pay directly.



**Mutual Fund Transactions** - Although shares of no-load mutual funds can be purchased and redeemed without payment of transactions fees, we may, consistent with our duty of best execution, determine to cause client accounts to pay transaction fees that may be higher than those obtainable from other broker dealers when purchasing shares of certain no-load mutual funds through TD Ameritrade in order to obtain "research". This research may not be used for the exclusive benefit of the clients who pay transaction fees in purchasing mutual fund shares.

**Amount and Manner of Payment** - A broker-dealer through which the firm wishes to use soft dollars may establish "credits" arising out of brokerage business done in the past, which may be used to pay, or reimburse the firm for, specified expenses. In other cases, a broker-dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate it. The actual level of transactional business the firm does with a particular broker-dealer during any period may be less than such a suggested level, but may exceed that level and may generate unused soft dollar "credits." We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

Clients are advised there is an incentive for BFC and its IARs to recommend a broker/dealer over another based on the products and services that will be received rather than the client's best interest.

#### Trade Errors

BFC maintains a log of all trade errors and their resolution. BFC reimburses clients for trade error losses and allows clients to retain gains. In no event shall any client suffer a financial loss due to a trade error on our part.

#### SEI Brokerage Practices

SEI has its own brokerage practices that are available for review in its disclosure brochures.

#### TPIA Brokerage Practices

TPIAs recommended by BFC have their own brokerage practices that are available for review in their respective disclosure brochures.

### **Item 13. Review of Accounts**

IARs or other qualified BFC personnel meet with clients to review their account, either in person, over the phone or in writing, or any combination of these as often as the client desires, with a minimum of once per year. During each contact, the client's account is reviewed to make sure that is continuing to meet the client's objectives.

Each Watch and Manage client receives regular account statements from the custodian of their account. Additionally, either BFC, SEI, or both will provide a quarterly written report to the client summarizing the account's holdings and portfolio performance.

For BFC's TPIA service, client accounts are reviewed at least quarterly upon BFC's receipt of the TPIA's quarterly reports. Additionally, the BFC IAR will request to meet with all TPIA clients at least annually to review the TPIA, its performance and continued appropriateness for the client. Reviews are generally triggered by date but can also be triggered by a written or verbal request from the client or by major market or economic events.

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

#### Payment of Solicitation Fees

In accordance with SEC Rules, BFC may engage solicitors to bring new clients to BFC. Solicitors are generally unaffiliated with BFC but are required to be IARs of BFC or with another investment advisory firm, unless the solicitor qualifies for a regulatory exemption. Clients referred by solicitors are given full

written disclosure describing the terms and fee arrangements between BFC and the solicitor and any conflicts of interest the solicitor may have. While specifics may vary from solicitor to solicitor, the solicitor's referral fee is paid to the solicitor by BFC, not you, and is based on a percentage of the investment advisory fee charged to you by BFC. The solicitation fee does not increase the fee you pay to BFC.

#### **Receipt of Other Benefits and Compensation**

Sponsors of certain investment products such as variable annuities, investment companies and limited partnerships which are recommended to clients may provide support to BFC or BFC IARs in their individual capacities as registered representatives or insurance agents. Such support includes research, educational information, and monetary support for due diligence trips and client events. BFC IARs in their individual capacities as registered representatives or insurance agents may also from time to time receive incentive awards for the sale of securities and insurance products. The receipt of these benefits and awards may affect their judgment in recommending securities and insurance products to clients. BFC's Code of Ethics requires IARs to make recommendations to clients only when such recommendations are in the clients' best interests.

#### **Item 15. Custody**

Under SEC custody rules and interpretations, BFC is deemed to have a form of custody when you provide BFC authorization to bill our fees to your brokerage account. Your funds and securities are always held with a qualified custodian, such as TD Ameritrade, who provide you with an account statement at least each calendar quarter. The account statement, which you should review carefully, shows the amount of BFC's management fees that are deducted from your account during the period covered by the statement.

#### **Item 16. Investment Discretion**

BFC generally requires clients to provide BFC with written authority to reallocate the client's portfolio on an ongoing basis without obtaining the client's specific consent prior to each transaction. This discretionary authorization is limited to the placing of transactions in the client's account.

#### **Item 17. Voting Client Securities**

BFC does not vote proxies for client-owned securities and will not take any action or provide any advice with respect to voting of proxies solicited by or with respect to the issuers of client-owned securities. Clients are responsible for voting all of their own proxies.

#### **Item 18. Financial Information**

BFC does not require or solicit the prepayment of any fees six or more months in advance of services rendered.