

Form ADV Part 2A: *Firm Brochure*

Item 1 – Cover Page

Polaris Financial Planning, LLC

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217-597-1516

<http://polarisfinancialplanning.com>

Date of Disclosure Brochure: January 2024

This disclosure brochure provides information about the qualifications and business practices of Polaris Financial Planning, LLC (also referred to as I, me, and Polaris Financial Planning throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Philip Lee Ferguson at 217-597-1516 or phil_cufreenet@yahoo.com. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Polaris Financial Planning is also available on the Internet at www.adviserinfo.sec.gov. You can view my firm's information on this website by searching for Polaris Financial Planning, LLC or my firm's CRD number 123035.

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

**Although Polaris Financial Planning is referred to as I or me throughout this brochure for your convenience, please understand that any engagement described under this brochure will be made with the legal entity of Polaris Financial Planning, LLC.

Item 2 – Material Changes

Since our last annual filing in January 2023, I removed all references to TD Ameritrade, Inc. due to the transition of moving my clients' managed accounts away from TD Ameritrade, Inc. to Charles Schwab & Company, Inc. In November 2019, the two firms announced they had entered into a definitive agreement for Charles Schwab & Company, Inc. to acquire TD Ameritrade in an all-stock transaction. As a result of that acquisition, client accounts managed by Polaris Financial Planning, LLC held at TD Ameritrade are now Charles Schwab & Company, Inc. accounts. Subsequently, I have updated Item 12 of this brochure to remove references to TD Ameritrade and replace them with Charles Schwab.

I will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after my firm's fiscal year ends. My firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, I will also offer a copy of the most current disclosure brochure. I may also provide other ongoing disclosure information about material changes as necessary.

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Item 4 – Advisory Business

Polaris Financial Planning is a Florida limited liability company registered with the United States Securities and Exchange Commission (“SEC”).

- Philip Lee Ferguson is the only Member of Polaris Financial Planning and controls 100% of the firm.
- Polaris Financial Planning has been in business and registered as an investment adviser since July 2000.
- Polaris Financial Planning has fully disclosed all material conflicts of interest regarding Polaris Financial Planning and Philip Ferguson that could reasonably be expected to impair the rendering of unbiased and objective advice.

Description of Advisory Services

The following are descriptions of the services provided by Polaris Financial Planning. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Polaris Financial Planning before I can provide you the services described below.

Asset Management Services – Polaris Financial Planning offers asset management services, which involves Polaris Financial Planning providing you with continuous and ongoing supervision over your specified accounts.

In connection with our asset management service, Polaris Financial Planning will meet with you to understand your investment objectives, goals and desires. For new clients, I provide an initial outline of my investment recommendations.

If you decide to hire my firm to manage one or more of your accounts, you must appoint my firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by me based on your financial situation, investment objectives and risk tolerance. I actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

I will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying me of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, I will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. I am always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct me not to purchase certain securities.

It is important that you understand that I manage investments for other clients and may give them advice or take actions for them or for my personal accounts that is different from the advice I provide to you or actions taken for you. I am not obligated to buy, sell or recommend to you any security or other investment that I may buy, sell or recommend for any other clients or for my own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that I manage. I strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by my firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to my attention will be allocated in any particular manner. If I obtain material, non-public information about a security or its issuer that I may not lawfully use or disclose, I have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

It is expressly understood that Polaris Financial Planning will not provide any legal or tax advice. Polaris Financial Planning will not prepare any legal or tax documents for the implementation of your financial, business, or estate plans. You are urged to work closely with your attorney and/or tax adviser in implementing the recommendations given.

Limits Advice to Certain Types of Investments

Although I generally provide advice on mutual funds, I reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives. However, investments held in accounts managed by my firm are almost always limited to mutual funds.

It is not my typical investment strategy to attempt to time the market, but I may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. I may modify my investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Tailor Advisory Services to Individual Needs of Clients

Polaris Financial Planning's advisory services are always provided based on your individual needs. This means, for example, that when I provide asset management services, you are given the ability to impose restrictions on the accounts I manage for you, including specific investment selections and sectors. I work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

I will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with my investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Retirement Plan Rollover Recommendations

When Polaris Financial Planning provides investment advice about your retirement plan account or individual retirement account ("IRA") including whether to maintain investments and/or proceeds in the retirement plan account, roll over such investment/proceeds from the retirement plan account to a IRA or make a distribution from the retirement plan account, I acknowledge that Polaris Financial Planning is a

“fiduciary” within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”) as applicable, which are laws governing retirement accounts. The way Polaris Financial Planning makes money creates conflicts with your interests, so Polaris Financial Planning operates under a special rule that requires Polaris Financial Planning to act in your best interest and not put our interest ahead of you.

Under this special rule’s provisions, Polaris Financial Planning must, as a fiduciary to a retirement plan account or IRA under ERISA/IRC:

- Meet a professional standard of care when making investment recommendations (e.g., give prudent advice);
- Never put the financial interests of Polaris Financial Planning ahead of you when making recommendations (e.g., give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that Polaris Financial Planning gives advice that is in your best interest;
- Charge no more than is reasonable for the services of Polaris Financial Planning; and
- Give clients basic information about conflicts of interest.

To the extent I recommend you roll over your account from a current retirement plan account to an individual retirement account managed by Polaris Financial Planning, please know that I have a conflict of interest.

I can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by Polaris Financial Planning. I will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by Polaris Financial Planning.

Thus, I have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because my recommendation that you open an IRA account to be managed by my firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

I have taken steps to manage this conflict of interest. I have adopted an impartial conduct standard whereby I will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in Polaris Financial Planning receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by Polaris Financial Planning and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to you regarding a retirement plan account or IRA, I will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client’s needs, without regard to the financial or other interests of Polaris Financial Planning.

Client Assets Managed by Polaris Financial Planning

As of November 18, 2023, Polaris Financial Planning had \$111,267,357 in assets under management. All assets are managed on a discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding my firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Polaris Financial Planning.

Asset Management Services

Fees for my asset management services are charged based on a percentage of assets under management. You will be charged the following annual fee based upon the amount of assets under management:

<u>Assets Under Management</u>	<u>Annual Fees</u>
\$20,000 - \$500,000	1.0%
\$500,001 to \$1,000,000	0.90%
\$1,000,001 to \$2,000,000	0.70%
\$2,000,001 to \$5,000,000	0.60%
\$5,000,001 and above	0.50%

For accounts under \$20,000 a flat minimum of \$200 per year will be charged.

For accounts above \$1,000,000 the annual fees may be negotiable based on the type of client, the complexity of the client's situation, and the total amount of assets under management for the client.

Clients with assets equal to or greater than \$50,000 will be billed quarterly (January 1, April 1, July 1, and October 1) at 1/4th of the above rate for the upcoming quarter's services. Clients with assets less than \$50,000 as of January 1st will be billed for the entire year in advance.

The investment advisory fees will be deducted from your account and paid directly to my firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to my firm. My firm will send you a billing statement at the same time the fee deduction instruction is sent to the qualified custodian(s) of your account. The billing statement will detail the formula used to calculate the fee, the assets under management and the time period covered. See *Item 15 – Custody* for more details.

Under special situations, you may pay the fee directly to my firm upon receipt of an invoice. If you are paying directly, payment is due upon your receipt of the invoice.

New accounts will be billed on a prorated calculation for the first billing cycle.

Asset management services continue until terminated by either party (i.e., Polaris Financial Planning or you) upon written notice to the other party. Termination will be effective upon receipt of such notice. Any prepaid, unearned fees will be promptly refunded by Polaris Financial Planning to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Polaris Financial Planning believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. In addition to my compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

Brokerage expenses and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Polaris Financial Planning does not receive any portion of such expenses or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Polaris Financial Planning in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Polaris Financial Planning are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. Polaris Financial Planning does not receive any portion of such third-party expenses or fees.

I do **not** accept or receive compensation based on the sale of securities or other investment products such as asset-based sales charges or service fees from the sale of mutual funds.

Item 6 – Performance-Based Fees and Side-By-Side Management

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because I do not charge or accept performance-based fees.

Item 7 – Types of Clients

Polaris Financial Planning currently provides investment advice to individual clients.

You are required to execute a written agreement with Polaris Financial Planning specifying the particular advisory services in order to establish a client arrangement with Polaris Financial Planning.

Minimum Investment Amounts Required

Polaris Financial Planning requires a minimum of \$2,000,000 in order to open an account. To reach this account minimum, clients can aggregate all household accounts.

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

Methods of Analysis

Modern Portfolio Theory - An overriding principal in the conduct of our investment strategy is the implementation of Modern Portfolio Theory, which holds that the goal of an efficient portfolio is to minimize investment risk and maximize return. This is accomplished through diversified portfolios comprised predominantly of mutual funds representing various asset classes.

Mutual fund selection involves rigorous, regular reviews of mutual fund performance for each asset class. Some of the risks involved with using this method include the risk that the analysis will not identify the investments that perform best over any specific future time frame, investments fail to outperform the return of their asset class benchmark, and the investments lose value.

Investment Strategies

I primarily provide advice on and hold mutual funds in managed accounts. When investing in a mutual fund, you will bear additional expenses based on your pro rata share of the mutual fund's operating

expenses, including the potential duplication of management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying securities the mutual fund holds.

When managing client assets and/or providing investment advice, Polaris Financial Planning uses long term purchases (investments held at least a year) as an investment strategy. We also use the following, more specific, investment strategies.

Science based investing - Polaris Financial Planning believes that markets work and are efficient and rational over the long run. Despite overwhelming evidence and the abject failure of trying to predict market moves most money managers use this failed method. Polaris Financial Planning uses investment science that shows a “buy and hold” strategy of investing in index funds provides the greatest returns in the long run. Index funds also provide lower costs, lower taxes and greater diversification. The selection of specific index funds is based on a proprietary model and consideration of client's needs and goals. Polaris Financial Planning does not know, and does not pretend to know, the future so; we strongly recommend a buy and hold strategy coupled with diversification.

Risk and Return - Investment science shows that risk and return are strongly correlated. Risk cannot be eliminated, and many investors have suffered large losses while chasing large returns. At Polaris Financial Planning, we strive to achieve reasonable market returns over the long run without making futile attempts at predicting the market. Diversification and time can dramatically reduce specific stock and temporal risks. However, in the short run markets can make large moves up or down and clients fully invested in the market should be aware of this reality.

Customization - Polaris Financial Planning works with each client to create a custom portfolio that strives to maximize long term returns while creating a short-term cushion for clients with shorter investment time frame or sensitivity to market moves. A more conservative portfolio should dramatically reduce volatility but, it may also materially reduce long term returns.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, my firm is unable to represent, guarantee, or even imply that my services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through my investment management program, as described below:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock

equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- **Company Risk.** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk.** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Management Risk** – Your investment with my firm varies with the success and failure of my investment strategies, research, analysis and determination of portfolio securities. If my investment strategies do not produce the expected returns, the value of the investment will decrease.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of my business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Polaris Financial Planning is not and does not have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, or a sponsor or syndicator of limited partnerships.

I am an independent registered investment adviser and only provide investment advisory services through Polaris Financial Planning.

As the owner of Polaris Financial Planning, I host a running podcast called The Phil Ferguson Show which focuses on skepticism, atheism, investment philosophies, economics and politics.

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

Code of Ethics Summary

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Polaris Financial Planning has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics

also requires compliance with federal securities laws. Polaris Financial Planning's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Polaris Financial Planning requires its supervised persons to consistently act in your best interest in all advisory activities. Polaris Financial Planning imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Polaris Financial Planning. If you wish to review the Code of Ethics in its entirety, you should send me a written request and upon receipt of your request, I will promptly provide a copy of the Code of Ethics to you.

Affiliate and Employee Personal Securities Transactions Disclosure

I may buy or sell mutual funds that are also recommended to clients. In order to minimize this conflict of interest, mutual funds recommended by Polaris Financial Planning are widely held and publicly traded. In addition, in accordance with my fiduciary duty to clients, I will place client interests ahead of my own interests.

Item 12 – Brokerage Practices

You are under no obligation to act on the investment recommendations of Polaris Financial Planning and may select any investment adviser or broker/dealer you choose. If you decide to hire Polaris Financial Planning for Asset Management Services described in Item 4 and Item 5 of this brochure, I am responsible to ensure you receive the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, I look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with my existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

I exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

Brokerage Recommendations

Polaris Financial Planning manages accounts through, and therefore requires that you establish brokerage accounts with Charles Schwab & Company, Inc., ("Charles Schwab") through their institutional platform.

Charles Schwab is a member of FINRA/SIPC and an SEC-registered broker-dealer and is recommended by Polaris Financial Planning to maintain custody of clients' assets and to effect trades for their accounts. Therefore, Charles Schwab serves as broker-dealer and qualified custodian for my clients' managed

accounts. Polaris Financial Planning is not affiliated with, and therefore is independent from, Charles Schwab.

At least annually, I will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by Polaris Financial Planning must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

Charles Schwab provides me with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodians.

Charles Schwab does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed by me through the custodians or that settle into a custodian account.

These benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

Charles Schwab also makes available to me other products and services that benefit my firm but may not benefit clients' accounts. Some of these other products and services assist me in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. Polaris Financial Planning is also providing other services intended to help my firm manage and further develop my business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

Directed Brokerage

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, Polaris Financial Planning may not achieve the most favorable execution of client transactions and the practice requiring the use of specific

broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, Polaris Financial Planning has decided to require my clients to use broker/dealers and other qualified custodians determined by Polaris Financial Planning.

Block Trading Policy

Investment advisors may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. Polaris Financial Planning does not engage in block trading.

It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is my trading policy is to implement all client orders on an individual basis. Therefore, I do not aggregate or “block” client transactions. Considering the types of investments, I hold in advisory client accounts, I do not believe clients are hindered in any way because I trade accounts individually. This is because I develop individualized investment strategies for clients and holdings will vary. My strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Because we believe in the value of long-term investing and the wisdom of “buy-and-hold” strategies, managed accounts will generally not be reviewed more often than once per quarter. Additionally, underlying mutual funds held in client accounts are monitored and reviewed on an on-going basis (typically quarterly, depending on the fund).

While the calendar is the main triggering factor when conducting account reviews, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Philip Lee Ferguson, with reviews performed in accordance with your investment goals and objectives.

Statements and Reports

For my asset management services, you are provided with transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian. I do not provide additional or supplemental performance or position reports on your accounts.

Item 14 – Client Referrals and Other Compensation

Polaris Financial Planning does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services described in *Item 5* of this Disclosure Brochure and the receipt of advertising revenue from The Phil Ferguson Show as previously described in *Item 10* of this Disclosure Brochure.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds

and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Polaris Financial Planning is deemed to have custody of client funds and securities whenever Polaris Financial Planning is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Polaris Financial Planning will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

When fees are deducted from an account, Polaris Financial Planning is responsible for calculating the fee and delivering instructions to the custodian. At the same time Polaris Financial Planning instructs the custodian to deduct fees from your account; Polaris Financial Planning will send you an invoice itemizing the fee. Itemization will include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

Item 16 – Investment Discretion

When providing asset management services, Polaris Financial Planning maintains trading authorization over your accounts on a **discretionary** basis. You will need to grant us with discretionary trading authorization in our client agreement. When discretionary authority is granted, I will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it is the policy of Polaris Financial Planning to consult with you prior to making significant changes in the account even when discretionary trading authority is granted.

Item 17 – Voting Client Securities

Polaris Financial Planning does not vote proxies on behalf of Clients. I have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; I will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although I do not vote client proxies, if you have a question about a particular proxy feel free to contact me. However, you will have the ultimate responsibility for making all proxy-voting decisions.

Item 18 – Financial Information

This *Item 18* is not applicable to this brochure. Polaris Financial Planning does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, I am not required to include a balance sheet for the most recent fiscal year. I am not subject to a financial condition that is reasonably likely to impair my ability to meet contractual commitments to clients. Finally, Polaris Financial Planning has not been the subject of a bankruptcy petition at any time.

Customer Privacy Policy Notice

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated

third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Polaris Financial Planning does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

Polaris Financial Planning is committed to safeguarding the confidential information of its clients. We hold all personal information provided by clients in the strictest confidence and it is the objective of our firm to protect the privacy of all clients. Except as permitted or required by law, we do not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, we will provide clients with written notice and clients will be provided an opportunity to direct our firm as to whether such disclosure is permissible.

To conduct regular business, Polaris Financial Planning may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to our firm
- Information about the client's transactions implemented by others
- Information developed as part of financial analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for Polaris Financial Planning to provide access to customer information within the firm and to nonaffiliated companies with whom we have entered into agreements with. To provide the utmost service, our firm may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on the firm's behalf.

- Information our firm receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services with our firm

Since Polaris Financial Planning shares nonpublic information solely to service client accounts, our firm does not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. However, we may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that our firm has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, we will allow our clients the opportunity to opt out of such disclosure.