

**PROFESSIONAL FINANCIAL SOLUTIONS, LLC**  
**ADV PART 2/BROCHURE**  
**MARCH 07, 2024**

**Item 1            Cover Page**

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This brochure provides information about the qualifications and business practices of Professional Financial Solutions, LLC (PFS). If you have any questions about the contents of this brochure, please contact us at 703-385-0870 or [info@profinancialsolutions.com](mailto:info@profinancialsolutions.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Registration or the use of the word “registered” does not imply a certain level of skill or training.

Additional information about Professional Financial Solutions, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2            Material Changes**

The following material changes have been made to this disclosure brochure since its last filing and distribution to Clients:

- As a result of the TD Ameritrade and Charles Schwab merger, the Advisor now recommends the Client custody their assets at Charles Schwab & Co., Inc. Please see Item 12 and Item 14 for additional details.

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**Item 4          Advisory Business**

Professional Financial Solutions, LLC (PFS) has been in operation since 1997. The firm is independently owned, primarily by Michael McLenigan, and Renee Sewall as of January 1, 2022. PFS offers three services: Financial Planning, Consulting, and Investment Management.

**FINANCIAL PLANNING**

PFS may provide its clients with a broad range of financial planning and/or consulting services (including investment and non-investment-related matters). PFS's services are tailored to the individual goals and needs of clients. PFS provides financial planning services, which usually are focused on retirement, but can include other client goals. Using information provided by clients, PFS will analyze their goals in light of their situation to determine how to help them achieve their goals. The end product is a document that includes a narrative summary, recommendations, and the financial analysis.

**CONSULTING**

Consulting is offered to those clients that wish to focus on one issue related to their financial situation. An example might be a strategy to pay down credit card debts. Since these are unique engagements, it is difficult to describe the analysis but in most cases a document will be prepared to illustrate the client's situation and the recommended course of action to accomplish the client's goal. This type of service is rarely performed.

**INVESTMENT MANAGEMENT**

PFS also offers investment management services for their clients. These services are offered on a fee-only basis. These clients are predominately individuals. Advice is provided on both the accounts managed by PFS as well as those outside of PFS, such as the client's current employer retirement plan.

PFS generally recommends that our clients hold mutual funds and exchange traded funds in their portfolios.

In most cases, PFS will prepare an Investment Policy Statement for investment management clients. This document outlines the client's target allocation and is based on their risk tolerance and goals. As a result, each allocation decision is tailored to the specific client.

Clients can impose limits or restrictions on investing in certain securities or types of securities in the portfolio. Such limits, if significant, may cause results to be different than what PFS would expect. If the limitations are significant, PFS may decide to no longer serve as adviser to the client.

Investments managed as of December 31, 2023:

Managed on a discretionary basis:	\$261,370,195
Managed on a non discretionary basis:	<u>\$24,753,549</u>
Total investments managed:	\$286,123,744

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**Client Obligations**

In performing its services, PFS shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. If requested by the client, PFS may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from PFS. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify PFS if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising PFS's previous recommendations and/or services.

**Agreements**

Prior to engaging PFS to provide financial planning, consulting services, and/or investment management services, the client will be required to enter into a formal agreement with PFS setting forth the terms and conditions of the engagement as well as describing the scope of the services to be provided. For investment management services, the client will also complete a separate custodial/clearing agreement with each designated broker-dealer/custodian.

**Assignment**

Neither PFS nor the client may assign PFS's client agreement without the prior consent of the other party. Transactions that do not result in a change of actual control or management of PFS shall not be considered an assignment.

PFS's services are tailored to the needs of its clients. A client's financial plan is customized to his/her situation, every portfolio is personalized, and the level of services needed by a client will vary given what is going on in his/her life in a given period.

**Item 5 Fees and compensation**

PFS's financial planning fees are negotiable, but generally range from \$2,000 to \$4,000 on a fixed fee basis depending upon the level and scope of the services required as well as the client's financial situation.

Payment of the fee for planning services is made as follows:

Payment 1:	\$500	at agreement signing
Payment 2:	60% of total fee	when draft plan is presented
Payment 3:	Balance of fee	when the plan is completed

The initial payment (not to exceed \$500) is due from the client prior to PFS commencing services. In the event the client terminates PFS's financial planning and/or consultation services prior to the commencement of services, the balance of PFS's fee, if any, shall be refunded to the client. The client can contact PFS by email, letter, or phone to notify us of the termination. PFS will refund the initial deposit as soon as possible. Once work has commenced, any fee paid that

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corresponds to that work is deemed earned if the agreement is terminated. Fees for planning services are paid directly to PFS, not deducted from investment accounts.

Plans are updated periodically, as the client's situation changes, for investment management clients at no additional cost. If a non-investment management client requests a plan update, the fee is negotiated.

Consulting engagements are charged \$200 to \$500 on an hourly basis, depending upon the level and scope of the services required as well as the client's financial situation. An estimate of the total cost is provided prior to the commencement of work and is negotiable. The fee is due upon completion of the project. This fee is paid directly to PFS, not deducted from a client's investment account.

Investment management fee schedule (payable in arrears)

Consolidated accounts managed, on the first \$1 million	1.00%
Consolidated accounts managed, amounts from \$1 million-\$2 million	0.50%
Consolidated accounts managed, amounts over \$2 million	0.25%
 Donor Advised Funds/Foundations	 0.50%

Pre-existing clients' fees may differ from the fee schedule above. These fees are not negotiable. At this time, no fee is charged against employer retirement plans—for example, 401(k) accounts—or 529 educational savings accounts. This may change in the future as services develop that would provide the detailed information PFS requires to prepare performance reports for clients and perform other management activities. There is also no fee for money market investments held in a taxable account.

PFS shall charge the investment management fee based upon a percentage of the market value of the assets being managed by PFS. PFS's annual investment management fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last day of the previous quarter. PFS, in its sole discretion, may charge a lesser management fee based upon certain criteria (e.g., existing financial planning client, anticipated future earning capacity, anticipated future assets, dollar amount of assets to be managed, related accounts, account composition, etc.). If there is a margin loan outstanding on client's account this does not reduce the asset value, so the margin loan has no impact on the management fee.

PFS's investment management fee is paid quarterly at  $\frac{1}{4}$  of the annual rate based on the number of days in that quarter. The fee shall be deducted from an account that PFS is managing. In order to streamline fee collection and performance reporting, payment of asset management fees directly to PFS is not allowed for new clients.

In addition to the fees paid to PFS, the client will also pay fees to various service providers. The Broker/Dealer (B/D) that has custody of client's assets will typically charge a transaction fee for the investments used. At Charles Schwab (Schwab), the current charge is \$9.99 per Dimensional Fund Advisor (DFA) mutual fund trade. In addition to B/D fees, mutual funds and exchange

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traded funds used in client accounts also levy a management fee (expense ratio) that is deducted from the annual return generated by the fund. These vary by fund. Clients are encouraged to review the fund prospectus for specific fund expenses.

As noted earlier, PFS primarily recommends mutual funds and exchange traded funds for client accounts. The funds typically recommended are no load and do not have ongoing 12(b)1 fees. In the rare case where we use load-waived funds, the client may have to pay 12(b)1 fee as part of the fund expenses. See Item 12 for information on brokerage.

**Advance Payment of Fees and Termination**

Financial Planning Services

PFS may require an advance deposit as described above. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate or in the case of a fixed fee engagement, the percentage of the engagement scope completed by the Advisor. The Advisor will refund any unearned, prepaid financial planning fees from the effective date of termination. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

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

This item is not applicable to PFS.

**Item 7            Types of Clients**

PFS predominately works with individuals, helping them with their personal financial concerns. Some of these clients have living trusts or irrevocable trusts, which we also manage and for which we provide advisory services. In addition, PFS helps small business owners establish retirement plans, usually SEPs and Individual 401(k)s. PFS may also manage Foundations and Donor Advised Funds established by its clients. Finally, PFS works with charitable organizations (or non-profits) to which its clients gift shares of their fund investments. These gifts are typically liquidated upon receipt by the charity and the funds are disbursed, resulting in no ongoing investment management or advisory services for the charitable organization/nonprofit.

For those potential clients seeking only investment management services, the minimum portfolio is \$500,000. PFS may, in its sole discretion, reduce and/or waive its account minimum.

As stated earlier, prior to engaging PFS to provide financial planning, consulting services, and/or investment management services, the client will be required to enter into a formal agreement with PFS setting forth the terms and conditions of the engagement as well as describing the

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scope of the services to be provided. For investment management services, the client will also complete a separate custodial/clearing agreement with each designated broker-dealer/custodian.

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

When analyzing individual securities, PFS primarily uses fundamental analysis. We look at the performance of a company and projections of future earnings. We may also look at past stock price activity (technical analysis). Our more typical approach, however, is using diversified mutual funds and exchange traded funds.

It is our goal to reduce risks where possible. We try to eliminate active manager risk (the risk that the fund manager enters into a transaction at the wrong time/price) by using a more passive approach. We believe that by using investments that are well diversified, we may be able to reduce the risk to a client that may be caused by an individual company going bankrupt and its stock price falling to \$0.00. Investment expenses for the funds we typically use are generally lower than active funds. The risk that remains is systemic or market risk.

Regardless of the investment vehicle used, or the trading strategy implemented, the risk of loss remains. Each investor needs to decide if they are willing to accept this risk prior to making the decision to invest. It is our job as the client's adviser to help them understand these risks and to help them weather the inevitable ups and downs that the markets bring.

PFS utilizes a buy and hold investment strategy. As a result, a client accepts the risk that their portfolios will lose value during market corrections. PFS attempts to diversify each client's portfolio over many asset classes. This will expose the client's portfolio to: market risk, credit risk, interest rate risk, inflation risk, liquidity risk, management risk (both at the adviser level and the investment level), risk of gain/loss due to human error, etc. Investing in securities involves a risk of loss that each client should be prepared to bear.

**Item 9           Disciplinary Information**

PFS, its management persons, and its registered investment advisor representatives do not have any disciplinary information to report.

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

Mike McLenigan does not have any other industry activities or affiliations.

Renee Sewall does not have any other industry activities or affiliations.

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

Typically, registered investment advisor representatives limit their holdings to open ended mutual funds and exchange traded funds. In the rare case where one does hold an individual security, PFS has established the following restrictions:

1. A director, officer, or employee of PFS shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.

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2. PFS maintains a list of all non-mutual fund security holdings for itself and access persons associated with this advisory practice. These holdings, if any, are reviewed on a regular basis by senior management.
3. PFS requires that all firm access persons act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

PFS has implemented an investment policy relative to personal securities transactions. This investment policy is part of PFS's overall Code of Ethics which serves to establish a standard of business conduct for all of PFS's access persons that is based upon fundamental principles of openness, integrity, honesty, and trust. PFS will provide a copy of its Code of Ethics to any client or prospective client upon request.

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

PFS advisers invest in many of the same investments recommended to clients and may do so at or about the same time as a client. Since mutual funds trade based on the daily closing price (rather than intraday pricing), we do not believe that PFS advisers have an interest in client transactions or run the risk of trading ahead of clients. Exchange traded funds are priced intraday; however, the daily volume of adviser trades is not a material amount that would cause concern for trading ahead of clients.

**Item 12      Brokerage Practices**

PFS does not accept soft dollars from B/Ds. Again, since PFS primarily uses diversified mutual funds and exchange traded funds, research or other perceived benefits from certain trading relationships have no value to PFS. Unless the client directs otherwise, PFS shall generally recommend that all investment management accounts be maintained with an independent custodian and that all brokerage transactions are executed through an independent SEC-registered broker/dealer that is a member of FINRA. PFS will generally recommend clients establish accounts at Charles Schwab. PFS considers many factors in recommending Schwab to clients, including financial strength, reputation, execution, pricing, and service.

While PFS does not receive soft dollars or other direct compensation from Schwab or other companies used to custody client accounts, PFS does receive benefits from working with a B/D. These benefits are similar to those available with other B/Ds and are generally made available by the B/Ds to advisers with assets under custody with the B/Ds. They include free educational events, entertainment events, meals, and discounts on products used by PFS, such as certain software. These benefits may be perceived to be a conflict of interest; however, we feel that we have addressed this conflict of interest because (a) we did not consider the receipt of these benefits when deciding to recommend any custodian for client accounts, nor do we consider these benefits when we consider whether to continue to custody with a custodian, (b) these benefits are available to every investment manager that custodies assets with these custodians regardless of volume of execution transacted through these custodians or amount of assets



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maintained in custody, and (c) these benefits are similar to those that we would receive from other B/Ds.

To the extent that PFS determines to aggregate client orders for the purchase or sale of securities, including securities in which PFS's principals (and/or associated persons) may invest, PFS shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Incorporated. PFS shall not receive any additional compensation or remuneration because of the aggregation. Due to the very limited number of individual security trades placed by PFS, PFS has never aggregated trades since its inception.

PFS does not recommend the purchase or sale of IPO shares or hedge funds for client accounts.

PFS relies upon the values of securities as set forth by the issuer or as reported by the custodian for the client's account.

**Item 13      Review of Accounts**

Activity in managed accounts is reviewed daily by the advisers. Accounts are reviewed in more detail prior to placing a trade or when reviewing cash positions. For clients with limited activity in their accounts, a review would occur as part of the annual review meeting process. Clients are encouraged to meet with PFS at least annually to review their accounts and financial situation. These reviews are typically conducted by two advisers of PFS. For those financial planning clients that are also investment management clients, the annual review includes a review of the plan investment account targets to determine whether the client is above or below the plan target. PFS discusses recommended actions, if any, as a result of this comparison.

In most cases, financial plans are stale after about five years. PFS will discuss with the ongoing client the need to update a plan and will encourage a plan update when appropriate.

Investment management clients will receive written performance reports from PFS at least semi-annually. These reports will provide a summary of their accounts under management, including historical activity figures as well as client specific returns earned.

For those clients that engaged PFS for financial planning or consulting services only, no review will be completed nor will any analysis be updated unless the client re-engages PFS for the additional work.

**Item 14      Client Referrals and Other Compensation**

PFS has and will continue to develop understandings with vendors, associations, insurance agents, attorneys, mortgage lenders, tax preparers and other professionals that involve referrals or cross-referrals. At no time is any person or company obligated to provide referrals to PFS. No client referred to any party by PFS is obligated to utilize the services of any such professional. PFS will not enter into an agreement requiring it to refer clients to others.

As noted previously, PFS accepts training, information, promotional material, gifts and discounts of limited value, and, on occasion, meals or prize drawings from vendors, mutual funds and

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others with whom PFS may do business or to whom PFS may make referrals. Often such benefits are received from event sponsors during PFS's participation in NAPFA, FPA, Schwab, and other conferences, workshops, and seminars designed primarily to provide continuing education credits. PFS has also participated in Dimensional Fund Advisors (DFA) sponsored training during which DFA provided reference material and meals, and PFS anticipates recommending some of their funds as part of client portfolios. The benefits noted in this paragraph seem to present a conflict of interest. However, we address this conflict by ensuring that such activities do not adversely affect our relationship with our client in any material way. First, PFS does not receive any direct or indirect compensation in connection with PFS's use of such brokers or investment vehicles. Next, PFS remains free to select any broker and/or investment vehicles that it believes are best for the client and will only recommend an investment vehicle for a client account where PFS believes that such recommendation is consistent with the client's investment objectives and/or financial situation. Further, PFS is under no obligation to recommend any investment vehicle or broker-dealer for client accounts. Lastly, PFS will continue to review these investment vehicles and broker-dealers to determine if better alternatives exist.

**Item 15      Custody**

Clients will receive account statements from the client's account custodian. Each client should review those statements carefully. We urge clients to compare the account statements they receive from the qualified custodian with any account statements received from PFS.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

**Item 16      Investment Discretion**

PFS will encourage new clients to allow PFS to manage their accounts on a discretionary basis, but they are not required to do so at the time of establishing the client/adviser relationship. If a client does not allow for discretionary management, after the client has worked with PFS for a year, PFS will request discretionary authority, but it is still not required.

PFS's investment advisor representatives may manage client accounts on a discretionary basis. This will be indicated on the investment advisory agreement, letter, or other client/adviser communication. For those clients that grant discretionary authority, PFS will place trades on behalf of the client without specific approval, in accordance with the Investment Policy Statement. When PFS does so, it will limit its discretionary authority by limiting transactions to general securities, mutual funds, government securities, and an occasional option.

In addition, the client's account paperwork with the account custodian grants trading authority to PFS.

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**Item 17          Voting Client Securities**

PFS does not vote client proxies. Therefore, although PFS may provide investment advisory services relative to client investment assets, PFS's clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, lawsuits, bankruptcy proceedings or other type events pertaining to the client's investment assets. PFS and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Should clients want to discuss questions regarding their proxy votes, they may call or email PFS.

**Item 18          Financial Information**

PFS has discretionary authority over certain clients' accounts. As a result, PFS must disclose any financial condition that is reasonably likely to impair PFS's ability to meet its contractual commitments to clients. Financial conditions, such as bankruptcy of the President or if income made by PFS was so low that basic fixed expenses could not be covered, might impair PFS's ability to serve their clients. PFS believes the risk of these occurring is extremely remote.