

## Cook Financial Designs, Inc.

### Part 2A of Form ADV: Firm Brochure

March, 2024

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This brochure provides information about the qualifications and business practices of Cook Financial Designs, Inc. If you have any questions about the contents of this brochure, please contact us by telephone at 757.498.4810 or email [dcook@cf2001.com](mailto:dcook@cf2001.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 Cook Financial Designs, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #115241.

Please note that the use of the term "registered investment adviser" and description of Cook Financial Designs, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our Firm's associates who advise you for more information on the qualifications of our Firm and our employees.

## Item 2: Material Changes

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

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

Since our last annual amendment filing on **03/07/2023**, we have the following material changes to report:

- Pursuant to the merger of Charles Schwab & Co, Inc. ("Schwab") and TD Ameritrade, Inc., Client's that previously custodied assets with TD Ameritrade will now be custodied under Charles Schwab. Please see Item 12 and 14 for more information on Schwab's brokerage practices.
- Our firm has applied for and we are in the process of registering with the Securities and Exchange Commission.
- Our firm has amended Item 5 of this brochure to disclose that the annual fees for our Ongoing Financial Planning & Advisory Services typically range between \$4,000 and \$50,000.

## Item 3: Table of Contents

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## Item 4: Advisory Business

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Cook Financial Designs, Inc. is a comprehensive independent financial planning and investment advisory Firm in business since 2001. The founder and sole owner of the company is Daniel S. Cook.

Our Firm has established a service-oriented, comprehensive financial advisory practice. We assist various types of clients in meeting their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their financial and investment objectives while educating them about our process, facilitates the working relationship we value. Regular communication is integral to the success of our business.

As a fiduciary, it is our duty to always act in the best interest of our Client.

One of the purposes of this Brochure is to disclose the potential conflicts of interest associated with investment transactions, compensation and other matters related to investment decisions made by our Firm or its representatives.

### Types of Advisory Services Offered.

#### **Financial Plan Preparation.**

Our Firm prepares and presents a comprehensive financial plan (the “Plan”) for our clients. Our approach typically encompasses six broad areas:

- Cash Flow
- Risk
- Investments
- Retirement
- Taxes
- Estate

The Plan focuses on the client’s unique and specific financial goals and objectives; recommendations we make are also based on those goals and objectives.

By hiring our firm to prepare the Plan, client is under no obligation to engage our firm to provide ongoing financial planning and advisory services.

## Ongoing Financial Planning & Advisory Services.

The primary service we offer is to develop, implement and maintain a comprehensive financial Plan for each client. Our financial planning approach typically encompasses the six broad areas mentioned above:

- Cash Flow
- Risk
- Investments
- Retirement
- Taxes
- Estate

Our agreed upon, flat fee services may include (but are not limited to): Cash Flow Analysis and Management, Education Planning and Funding, Tax Planning and Strategies, Risk Assessment and Management, Incapacity Planning, Investment Portfolio Management, Retirement Planning and/or Estate Planning. Our fee may also include (but is not limited to): periodic updates to Client's financial Plan, business ownership advice, exit strategy for business owner, purchasing and selling of home(s) and/or rental propert(y)ies.

We encourage our clients to discuss any matter relating to their personal financial situation.

Once an ongoing financial advisory agreement is signed, we begin to manage/maintain a list of specific action items from both the Plan and discussions with the Client. While this list may include transferring and/or opening investment accounts, it likely also includes non-investment related items. We offer assistance to our clients in a broad range of financial areas of their lives.

As part of our ongoing advisory services, clients will be offered investment portfolio services, which includes asset management. Our Firm conducts Client meetings to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we present an investment approach to the Client, consisting of any of the following investment types: individual stocks, bonds, ETFs, options, mutual funds and other public and private securities or investments. Once the appropriate portfolio is agreed to by the client, an Investment Policy Statement (IPS) is prepared and signed by the client. This is a simple summary of our agreed upon investment approach.

Portfolios are continuously and regularly monitored and, if necessary, rebalanced based upon the Client's needs, stated goals and objectives. Each Client will have opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

We encourage each Client to meet with us at least annually; if there are changes to the Client's financial condition, it is up to the Client to inform us of those changes so that our recommendations can encompass and address any affected area.

In our ongoing development, maintenance and implementation of our Client's Plan, we may work directly with their attorney, accountant, broker, insurance representative, etc. While we may provide information to clients regarding the tax implications of financial decisions, (except when stated otherwise), tax return preparation is not included in our annual fee. We may accompany Client to their attorney for various legal services (estate planning, business discussion of business exit strategies, etc.). We do not provide legal advice or prepare legal documents.

## Project-Based Financial Advisory Services.

We also may provide project-based planning and advisory services.

Our agreed upon, flat fee Project-Based Advisory Service may include (but are not limited to) one or more of the following areas: Cash Flow Analysis and Management, Education Planning and Funding, Tax Planning and Strategies, Risk Assessment and Management, Incapacity Planning, Investment Portfolio Management, Retirement Planning and/or Estate Planning.

## Participation in Wrap Fee Programs.

We do not offer wrap fee programs.

## Regulatory Assets Under Management.

We manage<sup>1</sup> \$0 on a discretionary basis and \$114,978,935 on a non-discretionary basis as of December 31, 2023.

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<sup>1</sup> Please note that our method for computing the amount of "client assets we manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute "client assets we manage," we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our "as of" date must not be more than three months before the date we last updated our Brochure in response to Item 4.E of Form ADV Part 2A.

## Item 5: Fees & Compensation

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### Compensation for Our Advisory Services.

#### Financial Plan Preparation.

We charge an agreed upon flat fee for preparing and presenting a Client's initial Plan. This agreed-upon plan preparation fee ranges from \$1,800 to \$10,000 and is based on the range of areas covered and complexity of the Client's financial situation.

#### Ongoing Financial Planning & Advisory Services

We charge an agreed upon, flat annual advisory fee, on a pro-rata quarterly basis in arrears, based on the scope and complexity of Client's financial situation and range of services provided. Annual fees typically range between \$4,000 and \$50,000.

It should be noted that our Firm will consider any financial Plan preparation fees already paid by Client when establishing our ongoing fees.

Fees may be invoiced directly or debited from Client's managed account. If fees are debited from a Client's managed account, Client understands and acknowledges the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

#### Project-Based Financial Advisory Services.

We may also provide project-based advisory services. The fee for these services is based on the complexity, duration and range of services provided. Agreed upon fees may range from \$1,000 to \$10,000.

**Note:** We may reduce, waive or exempt or negotiate fees at our discretion.

## Other Types of Fees & Expenses.

Clients may incur transaction charges for trades executed in their accounts. These transaction fees are separate from advisory fees and will be disclosed by the Firm through which the trades are executed. Charles Schwab & Co. Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds. Also, clients may pay the following separately incurred expenses: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses). We do not receive any portion of the transaction fees.

## Terminations & Refunds.

Upon the initial presentation of the Plan, if Client is not satisfied with the Plan and if Planner is not able to rewrite the Plan to Client's satisfaction, then we will refund the total of all fees paid. Client agrees to return the original Plan and any copies to us upon obtaining this refund. We do not guarantee the success of the Plan and Client understands that financial goals and objectives may not be achieved.

For Ongoing Financial Planning & Advisory clients, either party may terminate their Agreement at any time by providing written notice. Termination of this Agreement shall be effective upon receipt of notice. Upon receipt of Client's written notice, any fees due will be prorated to the date of written notification of termination.

## Commissionable Securities Sales.

We do not sell securities for a commission. In order to sell securities for a commission, we would need to have our associated persons registered with a broker-dealer. We have chosen not to register with a broker dealer.

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## Item 6: Performance-Based Fees & Side-By-Side Management

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We do not charge performance fees to our clients.

## Item 7: Types of Clients & Account Requirements

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Our clients typically consist of individuals and high net worth individuals.

Cook Financial Designs, Inc. has no minimum account size.



Our fees are determined based on the range of services provided and the complexity of the Client's financial situation. A summary of our fees is as follows:

Financial Plan Preparation	\$1,800 - \$5,000
Ongoing Financial Planning and Advisory Services (annual)	\$4,000 - \$40,000
Project-Based Financial Services	\$1,000 - \$10,000

## Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

### Methods of Analysis.

We believe the purpose of the investment portfolio is to assist clients in achieving their specific financial goals and objectives. Accordingly, we create an investment portfolio to be more goals-oriented than performance-oriented.

The methods of analysis we use in recommending a portfolio begin with the Client's financial goals and objectives. Next, we consider the client's time horizon and individual risk tolerance. We conduct investment research using a variety of sources; these include but are not limited to: Morningstar, , internet, periodicals, investment newspapers and company websites. .

### Investment Strategies & Asset Classes.

Although we manage the Client's portfolio in a manner consistent with their financial goals and objectives, there can be no guarantee of its success. All investments involve the risk of loss; this includes loss of principal, reduction of earnings and loss of future earnings.

There are also risks affecting a client's portfolio; these include:

- **Market Risk:** The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security's price due to company specific events (e.g. earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g. such as a "bear" market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

- **Interest Rate Risk:** Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.
- **Economic Risk:** The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.
- **Political Risk:** Political risk is the risk an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control. Political risk is also known as "geopolitical risk," and becomes more of a factor as the time horizon of an investment gets longer.

Our clients have the ability to hold:

**Mutual Funds:** A mutual fund is a company that pools money from many investors and invests the money in a variety of differing security types based the objectives of the fund. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value ("NAV") plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads).

The benefits of investing through mutual funds include: (a) Mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities purchased by the fund; (b) Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry

sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.; (c) Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.; and (d) At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages: (a) Investors could pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. (b) Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.; and (c) With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close. When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit, and cannot use losses to offset these gains.

**Exchange Traded Funds (“ETFs”):** An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. The vast majority of ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the difference between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as limit orders, good-until-canceled orders, stop loss orders etc. They can also be sold short. Traditional mutual funds are bought and redeemed

based on their net asset values (“NAV”) at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF prices are kept very close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots. Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs are their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, and distribution and accounting expenses all contribute to the lower fees. However, individual investors must pay a brokerage commission to purchase and sell ETF shares; for those investors who trade frequently, this can significantly increase the cost of investing in ETFs. That said, with the advent of low-cost brokerage fees, small or frequent purchases of ETFs are becoming more cost efficient.

**Equity Securities:** Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. There may be little trading in the secondary market for particular equity securities, which may adversely affect Our Firm's ability to value accurately or dispose of such equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities. Investing in smaller companies may pose additional risks as it is often more difficult to value or dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

**Debt Securities (Bonds):** Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values grow over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. Bonds with longer rates of maturity tend to have greater interest rate risks.

Certain additional risk factors relating to debt securities include: (a) When interest rates are declining, investors may reinvest their interest income and any return of principal, whether scheduled or unscheduled, will be lower prevailing rates.; (b) Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.; (c) Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. (d) Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors. Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.; (e) If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.; (f) There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

Our Firm attempts to reduce the risks described above through diversification of the Client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that our firm will be successful in doing so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

**Certificates of Deposit:** A certificate of deposit (CD) is a savings certificate with a fixed maturity date, specified fixed interest rate and can be issued in any denomination aside from minimum investment requirements. A CD restricts access to the funds until the maturity date of the investment. CDs are generally issued by commercial banks and are insured by the FDIC up to \$250,000 per individual.

**Fixed Annuities:** With a fixed annuity, the insurance company guarantees both the rate of return (the interest rate) and the payout to the investor. Fixed annuity interest rates may change over time. The contract will explain whether, how and when this can happen. Often the interest rate is fixed for a number of years and then changes periodically based on current rates. Payouts can be for an entire lifetime, or another time period.

Earnings in deferred fixed annuity are tax-deferred. The insurance company agrees to pay no less than a specified rate of interest during the specified time period. When annuitized, a pre-determined fixed amount of money is disbursed over an agreed-upon time period. These payments may last for a specified period, such as 10 years, or an unspecified period such as lifetime or the lifetime of annuitant/spouse.

Risks associated with fixed annuities may include:

- Annuities are not guaranteed by the FDIC, SIPC or any other federal agency if the insurance company that issues the contract fails.
- Payments in a fixed annuity typically do not have cost-of-living adjustments to keep pace with inflation, so the value of the money you receive in your payments may decline over time. Annuities with inflation protection can be purchased but the cost, in general, is significantly higher.
- If there are changes to your fixed annuity and you want to withdraw your money early, you could incur surrender charges that cut into your returns.

**Indexed Annuities:** An indexed annuity is a special class of annuities that yields returns on contributions based on a specified equity-based index. These annuities can be purchased from an insurance company, and similar to other types of annuities, the terms and conditions associated with payouts depend on what is stated in the original annuity contract.

Risks associated with indexed annuities may include:

- Because of the variety and complexity of the methods used to credit interest in an indexed annuity, it may be difficult to compare one indexed annuity to another.
- Taxes and federal penalties for early withdrawal
- Surrender charges for early withdrawal can last for years
- Earnings taxed at ordinary income tax rates
- Fees and expenses
- Other features with additional fees and charges
- Investment losses

**Variable Annuities ("VA"):** A variable annuity is a type of annuity contract that allows for the accumulation of capital on a tax-deferred basis. As opposed to a fixed annuity that offers a guaranteed interest rate and a minimum payment at annuitization, variable annuities offer investors the opportunity to generate higher rates of returns by investing in equity

and bond subaccounts. If a variable annuity is annuitized for income, the income payments can vary based on the performance of the subaccounts. Although we do not sell variable annuities, if a client holds a VA in their portfolio, we are able to assist in its management.

Risks associated with VAs may include:

- Taxes and federal penalties for early withdrawal
- Surrender charges for early withdrawal can last for years
- Earnings taxed at ordinary income tax rates
- Mortality expense to compensate the insurance company for insurance risks
- Fees and expenses imposed for the subaccounts
- Other features with additional fees and charges
- Investment losses

## Risk of Loss.

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, and that their assets are appropriately diversified in investments. Clients are encouraged to ask our firm any questions regarding their risk tolerance.

## Description of Material, Significant or Unusual Risks.

Client cash balances are typically held in money market funds. Our Firm focuses on the Client's cashflow needs in correlation with their financial goals and objectives. Accordingly, in most cases, at least a partial cash balance will be maintained in a money market account to assist with cashflow needs that may arise.

## Item 9: Disciplinary Information

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We have not been the subject of any legal or disciplinary inquiries that would affect a Client's evaluation of us or the integrity of our employees.

## Item 10: Other Financial Industry Activities & Affiliations

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Since 1989, Daniel Cook has owned Daniel S. Cook, P.L.L.C., a separate business operating in the preparation of individual and business tax returns. This is a non-investment business activity; Daniel Cook does receive compensation for providing such services and his time spent averages 10-15 hours per week (primarily on weekends) from February 1<sup>st</sup> through April 15th.

Daniel S. Cook is licensed with various life insurance companies to sell life, disability and long-term care insurance as well as fixed, immediate and index annuities. This is a non-investment business activity, and we may receive compensation for selling any of the listed policies. Clients will sign a fee disclosure acknowledgement for index annuities. A conflict of interest may arise as these commissionable insurance product sales may create an incentive to recommend products based on the compensation we may earn and may not necessarily be in the best interests of the Client. In order to minimize this conflict of interest, our management persons will place Client interests ahead of their own interests and adhere to our firm's Code of Ethics as well as clearly explaining this conflict when recommending any such products to our clients. Clients are not obligated to purchase these products.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

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We recognize that the personal investment transactions of members and employees of our Firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any Client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our Firm, it is logical and even desirable that there be common ownership of some securities.

Furthermore, our Firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our Firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential Client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place Client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.



## Item 12: Brokerage Practices

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### **Custodian & Brokers Used**

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if given the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. (“Schwab”), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

### **How Brokers/Custodians Are Selected**

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see “*Products & Services Available from Schwab*”)

### **Custody & Brokerage Costs**

Schwab generally does not charge a separate fee for custody services, but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

## **Products & Services Available from Schwab**

Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like our firm. They provide our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab’s products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab’s support services:

## **Services that Benefit Clients**

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Schwab’s services described in this paragraph generally benefit clients and their accounts.

## **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab’s and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;

- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

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

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in

the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

## Soft Dollars.

Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our Firm will generally be used to service all of our clients but not necessarily all at any one particular time.

## Client Brokerage Commissions.

Schwab does not make Client brokerage commissions generated by Client transactions available for our firm's use.

## Client Transactions in Return for Soft Dollars.

Our Firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

## Brokerage for Client Referrals.

Our Firm does not receive brokerage for client referrals.

## Directed Brokerage.

Neither our Firm, nor any of our Firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are affected. Our Firm routinely requests that clients direct us to execute through a specified broker-dealer. Our Firm recommends the use of Schwab.

## Client-Directed Brokerage.

Our Firm allows clients to direct brokerage outside our recommendation. Our Firm may be unable to achieve the most favorable execution of Client transactions. Client directed brokerage may cost clients more money and may be difficult to access. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our Firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

## Aggregation of Purchase or Sale.

We do not bunch orders because transactions in client accounts are specific to their customized investment strategy.

## Item 13: Review of Accounts or Financial Plans

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All Client investment accounts are reviewed on an on-going basis. We encourage clients to meet with us at least annually to review their investments and financial situation. As we meet with clients, we conduct an analysis of the current investment allocation to ensure the allocation meets the client's financial goals and objectives as well as their tolerance and time horizon. Changes in either may result in a reallocation of investments.

We currently have one employee, Daniel Cook, the owner and a CFP® (CERTIFIED FINANCIAL PLANNER™), who reviews clients' investment accounts in accordance with our policies and regulatory requirements.

We may review Client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the Client's life events, requests by the Client, etc.

Clients for whom our Firm manages assets receive quarterly account statements from the custodian(s) of the assets. Clients who are under contract for ongoing advisory services also receive from our Firm a separate Consolidated Account Summary and Performance Report.

We encourage clients to carefully review all statements provided and compare holdings, transactions and values. In addition, we encourage clients to verify that the holdings and transactions in their account are consistent with their financial goals and objectives.

If there are any questions or concerns regarding accounts or goals and objectives, we encourage our clients to contact us.

## Item 14: Client Referrals & Other Compensation

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Schwab.

Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

## Referral Fees.

In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, our firm does not provide cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals).

## Item 15: Custody

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While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All of our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

## Third Party Money Movement.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse Client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our Firm has adopted the following safeguards in conjunction with our custodian, Schwab:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time. Once the initial instructions are established in writing, client may contact investment advisor verbally to request a transfer.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the Client's authorization and provides a transfer of funds notice to the Client promptly after each transfer.
- The Client has the ability to terminate or change the instruction to the Client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the Client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## Item 16: Investment Discretion

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We do not have discretionary authority over any client account. All investments and transactions, including the amount and type of investment, must be approved either verbally or in writing by the Client prior to the execution of the transaction.

## Item 17: Voting Client Securities

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We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our Firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

## Item 18: Financial Information

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Our firm is not required to provide financial information in this Brochure because:

- Our Firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.

- Our Firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our firm has never been the subject of a bankruptcy proceeding.