

HMS Financial Services, LLC

Form ADV Part 2A - Firm Brochure

March 28, 2024

(Previously Revised March 23, 2023)

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This brochure provides information about the qualifications and business practices of HMS Financial Services, LLC ("HMS"). If you have any questions about the contents of this brochure, please contact us at: (803)790-6113, or by email at: Scot@hmsfs.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 HMS is available on the SEC's website at www.adviserinfo.sec.gov using CRD#131569.

Please note that the use of the term "registered investment adviser" and description of HMS Financial Services, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and the Brochure Supplements provided to you for more information on the qualifications of our firm and our employees.

Item 2: Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur from the previous release of the Firm Brochure.

Material Changes since the Last Update

As of March 28, 2024, the Firm has had no material changes.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (803)790-6113 or by email at: Scot@hmsfs.com.

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Item 4: Advisory Business

Firm Description

HMS Financial Services, LLC ("HMS"), was founded in 1998.

HMS provides personalized confidential financial advice and investment management to individuals, pension and profit-sharing plans, and trusts and is available to estates, charitable organizations, and small businesses. Advice is provided through direct consultation with clients and may include determination of financial objectives, identification of financial problems, investment management, education funding, and retirement planning.

Investment advice is an integral part of our service. We provide individuals and other types of clients with a wide array of investment advisory services. HMS advises clients regarding cash flow, college planning, retirement planning, and limited tax planning. However, clients should speak with a tax professional regarding the impact of any advice by HMS.

Investment advice is provided, with the client making the final decision with respect to the appropriate investment objective(s) of his or her accounts with investment selection performed by the firm. HMS does not act as a custodian of client assets. The client always maintains asset control. HMS places trades for clients under a limited power of attorney granted by the client.

A written evaluation of each client's initial situation is provided to the client, as a part of an Investment Advisory Agreement. Periodic reviews are communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial advice and investment management may be beneficial to the client.

Principal Owners

Scot J. Bytnar is a 100% stockholder.

Types of Advisory Services

HMS provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; and provides periodic narrative updates regarding economic or market news or information that is perceived to be current or relevant to clients.

On more than an occasional basis, HMS furnishes advice to clients on matters not involving securities, such as financial planning matters, retirement planning and limited taxation issues.

As of **12/31/2023**, HMS manages approximately **\$106,799,347** in assets for approximately 248 clients. Approximately **\$105,787,637** is managed on a discretionary basis, and **\$1,011,710** is managed on a non-discretionary basis.

Tailored Relationships

Our firm manages assets on a discretionary and non-discretionary basis, for many distinct types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary it is our duty to always act in the client's best interest and this is accomplished in part by knowing the client. HMS has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process facilitates the kind of working relationship we value. The goals and objectives for each client are documented in our Investment Advisory Agreement and our portfolio management system. Investment policy statements may be created that provide a more detailed description of the stated goals and objectives for the client.

Each client can 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. Restrictions would be limited to our services only. HMS reserves the right to terminate advisory services or to not initiate advisory services for a client if the requested restrictions are deemed unreasonable and beyond the firm's capacity to employ.

Agreements may not be assigned without the client's consent.

Types of Agreements

The following agreements define the typical client relationships.

Advisory Service Agreement

Most clients choose to have HMS manage their assets to obtain ongoing in-depth financial advice and life planning. Many aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are discussed and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented.

The scope of work and fee for an Advisory Service Agreement is given to the client in writing before the relationship starts. An Advisory Service Agreement includes investment management (including performance reporting) and the implementation of recommendations made.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or HMS may terminate an Agreement by written notice to the other party. At termination, fees will be billed pro rata for the quarter's portion completed. The portfolio value as of the date of termination/transfer of the account(s) is/are used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Asset Management Services

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. HMS does not receive any compensation, in any form, from fund companies or brokerages.

Investments may also include equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through HMS.

Termination of Agreement

A Client may terminate their relationship at any time by notifying HMS in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination.

HMS may terminate any of the agreements at any time by notifying the client in writing.

Item 5: Fees and Compensation

Description

HMS bases its fees on a percentage of assets under management. The annualized Advisory Service Agreement fee is based on a percentage of the investable assets in all managed accounts according to the following schedule:

Client Assets Under Management	Annualized Management Fee (%)
Up to \$500,000	1.00%
\$500,001 to \$1,500,000	0.75%
\$1,500,001 to \$3,000,000	0.50%
\$3,000,001 to \$5,000,000	0.35%
Above \$5,000,000	0.10%

The minimum annual fee is \$375 and is negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above. Fees may be negotiable.

Fee Billing

Investment management fees are billed quarterly, in *arrears*, meaning that we invoice you after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Clients may authorize Custodians to deduct fees directly from client accounts. The client must consent in advance to direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, and exchange-traded funds. These transaction charges are small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

HMS, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Mutual Funds - Expense Ratios and Share Class Selection

Mutual funds charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to HMS. Please note that the performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Mutual Funds typically offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail mutual fund share classes (typically, Class A, B and C shares), mutual funds may also offer institutional, or advisor share classes (the “lower cost share classes”) or other share classes that are designed for purchase in an account enrolled in advisory programs. These lower cost share classes usually have a lower expense ratio than other shares classes. In addition, lower cost share classes often do not charge a 12b-1 fee. The Firm will utilize the most appropriate mutual fund share classes for its portfolio allocations available to it. Regardless, clients may still be invested in funds with higher internal expenses when no lower cost share classes for a fund are available to the custodian or the client is not eligible due to investment minimums or other requirements.

Past Due Accounts and Termination of Agreement

HMS reserves the right to stop work on any account or directly debit certain client accounts that are more than 30 days overdue. In addition, HMS reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in the judgment of HMS, to providing proper financial advice.

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

Sharing of Capital Gains

HMS does not charge performance-based fees. This means the fees are not based on a share of the capital gains or capital appreciation of the managed securities in your account(s).

HMS does not use a performance-based fee structure because of the conflict of interest these fees create between our firm and clients. Performance-based compensation creates an incentive for HMS to recommend an investment that may carry a higher degree of risk to the client.

Item 7: Types of Clients & Account Requirements

Description

HMS provides services to the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit-Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types.

Client relationships vary in scope and length of service.

Account Minimums

HMS does not maintain an account minimum, but we reserve the right to refuse to provide services for accounts representing a minimally invested relationship with our firm.

In general, if an account falls below \$37,500 in value, the minimum annual fee of \$375 is charged, however this may be waived or lowered depending upon the type of client or account. HMS has the discretion to waive the account minimum. Accounts of less than \$37,500 may be set up when the client and the advisor anticipate that the client will add additional funds to the accounts or have the intention of expanding the investment management relationship over a reasonable amount of time. If HMS elects to accept these low balance accounts without the expectation of additional funds, the firm will do so on an accommodation basis and provide a reduced minimum annual fee commensurate with the account. Other exceptions will apply to employees of HMS and their relatives, or relatives of existing clients.

Unless otherwise stipulated with respect to new client accounts or relationships, clients receiving ongoing asset management services will be assessed a \$375 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

Retirement Accounts

As part of our investment advisory services to you, HMS may recommend you roll assets from your employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA (Individual Retirement Accounts), SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") our firm will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. When we provide any of the foregoing rollover recommendations we are acting as fiduciaries 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.

If you elect to roll the assets to an IRA subject to our management, HMS will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (i.e., receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interests and not put our interests ahead of yours. Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our interests ahead of yours when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- adhere to the policies and procedures designed to ensure that we give advice that is in your best interests;
- charge no more than a reasonable fee for our services; and
- give you basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of a rollover. Note that an employee will typically have four options in this situation:

- leave the funds in your employer's (former employer's) plan;
- move the funds to a new employer's retirement plan;
- cash out and take a taxable distribution from the plan; or
- move the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

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

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

CHARTING ANALYSIS

Charting is a technical analysis that charts the patterns of stocks, bonds, and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time, and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

FUNDAMENTAL ANALYSIS

A fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. Fundamental analysis attempts to determine the true value of a company or security by looking at all aspects of the company or security, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price with the aim of determining what sort of position to take with that security (e.g., if underpriced, the security should be bought; if overpriced the security should be sold). Fundamental analysis uses real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for many types of securities.

TECHNICAL ANALYSIS

A technical analysis is a method of evaluating securities that analyzes

statistics generated by market activity, such as past prices and volume. Technical analysis does not attempt to measure a security's intrinsic value, but instead uses past market data and statistical tools to identify patterns that can suggest future activity. Historical performance of securities and the markets can indicate future performance.

CYCLICAL ANALYSIS

A cyclical analysis assumes the market reacts in reoccurring patterns that can be identified and leveraged to provide performance. Cyclical analysis of economic cycles is used to determine how these reoccurring patterns, or cycles, affect the returns of a given investment, asset, or company. Cyclical analysis is a time-based assessment which incorporates past and present performance to determine future value. Cyclical analyses exist because the broad economy has been shown to move in cycles, from periods of peak performance to periods of low performance. The risks of this strategy are two-fold: (1) the markets do not always repeat cyclical patterns; and (2) if too many investors begin to implement this strategy, it changes the very cycles of which they are trying to take advantage.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that HMS may use include Morningstar mutual fund information, Morningstar stock information, Fidelity Investments research, proprietary mutual fund company literature, and the various public and advisory sources contained on the World Wide Web.

Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation. In general, portfolios are created utilizing no-load or waived load mutual funds, stocks, ETFs, or other securities, representing the various asset classes desired in the overall allocation. Client portfolios are globally diversified to control the risk associated with traditional markets.

HMS generally employs a long-term investment strategy for its clients, as consistent with their financial goals. HMS will typically hold all or a portion of a security for over a year but may hold for shorter periods for rebalancing a portfolio or meeting the cash needs of clients.

The investment strategy for a specific client is based upon the objectives stated by the client during periodic consultations. The client may change these objectives at any time.

Each client executes an Investment Advisory Agreement that documents their objectives and their desired investment strategy.

Risk of Loss

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each client should understand and be willing to bear. Clients are reminded to discuss these risks with our firm as they feel it is warranted. All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Mutual Fund Risk:** The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.
- **ETF Risk:** Performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

Item 9: Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities and Affiliations

HMS is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor. Our firm is wholly owned by Mr. Scot Bytnar and no other financial industry affiliations.

HMS does not maintain any formal arrangements that are material to its advisory services or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant,

banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

Code of Ethics

The employees of HMS have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

HMS and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the *HMS Compliance Manual*.

Personal Trading

The Chief Compliance Officer of HMS is Scot J. Bytnar. He reviews all employee trades each quarter. His trades are self-reviewed. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Item 12: Brokerage Practices

Selecting Brokerage Firms

HMS does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. HMS recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

HMS recommends discount brokerage firms and trust companies (qualified custodians), such as Fidelity Institutional Wealth Services/National Financial Services. HMS maintains a relationship with Fidelity Institutional Wealth Services to assist our firm with certain back office and administrative functions.

HMS *does not* receive fees or commissions from any of these arrangements.

Best Execution

HMS reviews the execution reports of the custodians utilized by the firm on a quarterly basis and additionally reviews a sample of trades at each custodian each quarter. The review process is documented in the HMS Compliance Manual. Trading fees charged by the custodians are also reviewed quarterly. HMS does not receive any portion of the trading fees.

Soft Dollars

HMS receives investment portfolio software, and certain back-office and administrative services because some client assets are under the Custody of Fidelity. There is no fee charged or credit provided with respect to this exchange.

The selection of Fidelity Institutional Wealth Services as a custodian for clients is not contingent on this relationship; however, most client assets are held by Fidelity due to their outstanding services provided.

Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit. As such, HMS does not utilize trade aggregation.

Item 13: Review of Accounts

Periodic Reviews

Scot J. Bytnar will review accounts regularly but no less than annually. Account reviews may be performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Clients receive periodic communications at least quarterly. *Advisory Service Agreement* clients receive written quarterly updates. The written updates may include a generalized narrative, investment performance calculations and a summary of objectives and progress towards meeting those objectives.

Item 14: Client Referrals and Other Compensation

Incoming Referrals

HMS has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

HMS does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

N/A

Item 15: Custody

Account Statements

All assets are held by qualified custodians, which means the custodians provide account statements directly to clients at their address of record on at least a quarterly basis.

HMS is deemed to have custody of client funds and securities because you give it the authority to have fees deducted directly from your account. Authorization to trade in client accounts (discretion) is not deemed custody.

Our firm also has custody when a client has a standing letter of authorization (SLOA) instructing HMS to disperse funds or securities from a client account to a third party. As such, our firm has adopted the following safeguards in conjunction with the account custodian:

- 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 HMS, 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.
- 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.
- Clients can terminate or change the instruction to the client's qualified custodian.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by HMS.

Item 16: Investment Discretion

Discretionary Authority for Trading

Clients can provide our firm with investment discretion on their behalf, pursuant to an executed investment advisory agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

However, HMS consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates – if any - paid to the custodian. HMS does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Item 17: Voting Client Securities

Proxy Votes

HMS does not offer to vote proxies on securities for new clients. New clients are expected to vote their own proxies. New clients will receive proxy and other solicitation information directly from their Custodian or Transfer Agent. In the event proxy information is received by HMS, a good faith attempt will be made to forward the information to the Client. In the event a client wishes to review any such information, the Client may contact our firm during normal business hours.

Some legacy clients continue to (and certain clients subject to ERISA) continue to request that HMS vote proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. All such proxies will be voted on according to the Board of Directors' recommendations. In the event a client wishes to vote a proxy not in accordance with this policy, the Client may contact HMS, in writing to direct any such changes. A Client may at any time, in writing, request HMS to provide further information regarding previous votes of Client proxies. A copy of the proxy voting policy of HMS is available upon request.

Item 18: Financial Information

Financial Condition

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

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.

Business Continuity Plan

General

HMS has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services, or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornados, and flooding. The Plan covers disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations if the central office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

HMS has an informal Business Continuation Agreement with another financial advisor to support HMS in the event of Scot J. Bytnar's serious disability or death.

Information Security Program

Information Security

HMS maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

HMS is committed to maintaining the confidentiality, integrity and security of the personal information entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, and information about transactions between you and third parties. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Scot J. Bytnar
Investment Adviser Representative Brochure Supplement
(Part 2B of Form ADV)

HMS Financial Services, LLC

10 Calendar Ct., Suite 200
PO Box 6965, Columbia, SC 29260
PHONE (803)790-6113
FAX (803)787-9180
HMSFS.com
Scot@HMSFS.com

This brochure provides information about the qualifications and business practices of HMS Financial Services, LLC (“HMS”). If you have any questions about the contents of this brochure, please contact us at: (803)790-6113, or by email at: Scot@hmsfs.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 HMS is available on the SEC’s website at www.adviserinfo.sec.gov.

Please note that the use of the term “registered investment adviser” and description of HMS Financial Services, LLC and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and the Brochure Supplements provided to you for more information on the qualifications of our firm and our employees.

Education and Business Standards

HMS requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Professional Certifications

Employees have earned certifications and credentials that must be explained in further detail.

SCOT J. BYTNAR, CERTIFICATIONS

Scot J. Bytnar; born in 1965, is a graduate of Duke University (AB in Economics and Psychology) and received his Master of Business Administration (MBA) from the University of South Carolina. Mr. Bytnar formed HMS Financial Services, LLC, in 1998 and is currently the owner and primary Investment Advisor Representative (IAR) of the firm. He was previously a Vice President and the Employee Benefit Trust Manager with the National Bank of South Carolina (NBSC) for approximately 5 years during which time he was a Registered Representative of the Southern Financial Group, Inc. Mr. Bytnar had maintained his registration with the Southern Financial Group, Inc., through its sale to Andrew Garrett, Inc., where he remained a Registered Representative until 2010. Prior to his service with NBSC, Mr. Bytnar served as Vice President and Administrative Manager for the Beacon Group Benefit Consultants and Administrators, Inc., an employee benefits third party administrator (TPA). While with the Beacon Group, Mr. Bytnar provided retirement plan services and was a Registered Representative with Robert Thomas Securities. He passed his NASD Series 7 and Series 63 licenses in 1993.

Disciplinary Information:

No information is applicable to this item.

Other Business Activities

Mr. Bytnar does not have any other business activities.

Additional Compensation

Mr. Bytnar does not receive compensation from any additional sources.

Supervision

Mr. Bytnar is the sole Advisor and Chief Compliance Officer of the firm.

Arbitration Claims

Mr. Bytnar has not been found liable in an arbitration claim alleging damages more than \$2,500 or been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- an investment or investment-related business or activity;
- fraud, false statement(s), or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices.

In addition, Mr. Bytnar has not, nor is he the subject of a bankruptcy proceeding.