

# Taylor Securities Services, Inc. Wrap Fee Program Brochure



*This wrap fee program brochure provides information about the qualifications and business practices of Taylor Securities Services, Inc. If you have any questions about the contents of this brochure, please contact us at (717) 232-5808 or by email at: [Matt@taylorsecurities.com](mailto:Matt@taylorsecurities.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 Taylor Securities Services, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Taylor Securities Services, Inc.'s CRD number is: 304070.*

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

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Taylor Securities Services, Inc. on 09/28/2023 are described below. Material changes relate to Taylor Securities Services, Inc.'s policies, practices or conflicts of interests.

- Taylor Securities Services has updated their Chief Compliance Officer to Stacy Fleming
- Taylor Securities Services has updated their Addition Fees disclosure (Item 4C). TSSI has a financial incentive to recommend Class A Shares in cases where both Class A and Platform Shares are available. This is a conflict of interest. The cost to TSSI of transaction charges generally may be a factor Advisor considers when deciding which securities to select and whether or not to place transactions in the account.
- Taylor Securities Services has updated their Assets Under Management (Item 6C)

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Taylor Securities Services, Inc. (hereinafter "TSSI") provides portfolio management to clients under this wrap fee program as sponsor and portfolio manager.

Total Assets Under Management	Annual Fee
\$25,000 - AND UP	1.50%

Portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis.

Fees are paid in arrears. TSSI uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

TSSI has limited authority to sell shares or fractional shares of securities if cash needs to be raised for fee billing.

Clients may terminate the agreement without penalty, for full refund of TSSI's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

### B. Contribution Cost Factors

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

### C. Additional Fees

TSSI will wrap third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.) for wrap fee portfolio management accounts. TSSI will charge clients one fee and pay all transaction fees using the fee collected from the client. Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that TSSI has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs.

Certain other fees are not included in the wrap fee and are paid for separately by the client.

These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, fees associated with “step out” transactions if the account uses different custodians or broker-dealers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Certain available mutual funds offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as “Class I,” “institutional,” “investor,” “retail,” “service,” “administrative” or “platform” share classes (“Platform Shares”). Client should understand that another financial services firm may offer the same mutual fund at a lower overall cost to the client. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay a 12b-1 fee for providing shareholder services, distribution, and marketing expenses (“brokerage- related services”) to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Platform Shares. A client in Platform Shares will pay lower fees over time and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund. Other financial services firms may offer the same mutual fund at a lower overall cost to the investor than is available through the LPL Programs.

TSSI has a financial incentive to recommend Class A Shares in cases where both Class A and Platform Shares are available. This is a conflict of interest which might incline TSSI, consciously or unconsciously, to render advice that is not disinterested. Although the client will not be charged a transaction charge for transactions, Advisor pays a per transaction charge for mutual fund purchases and sales in the account. TSSI generally does not pay transaction charges for Class A Share mutual fund transactions accounts, but generally does pay transaction charges for Platform Share mutual fund transactions. The cost to TSSI of transaction charges generally may be a factor Advisor considers when deciding which securities to select and whether or not to place transactions in the account.

#### **D. Compensation of Client Participation**

Neither TSSI, nor any representatives of TSSI receive any additional compensation beyond advisory fees for the participation of clients in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, TSSI may have a financial incentive to recommend the wrap fee program to clients.

### **Item 5: Types of Clients**

TSSI generally offers advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is an account minimum of 25000, which may be waived by TSSI in its discretion.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

TSSI will not select outside portfolio managers for management of this wrap fee program. TSSI will be the sole portfolio manager for this wrap fee program.

TSSI will use industry standards to calculate portfolio manager performance.

TSSI reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is annually and is reviewed by TSSI.

### **B. Related Persons**

TSSI and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses TSSI's management of the wrap fee program. However, TSSI addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

### **C. Advisory Business**

TSSI offers ongoing wrap fee portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. TSSI creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- |                                 |                                |
|---------------------------------|--------------------------------|
| • Determine investment strategy | • Personal investment policy   |
| • Asset allocation              | • Asset selection              |
| • Assessment of risk tolerance  | • Regular portfolio monitoring |

TSSI evaluates the current investments of each client with respect to their risk tolerance levels and time horizon.

Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. TSSI will charge clients one fee and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that TSSI has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs. To address this conflict, TSSI will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

### ***Services Limited to Specific Types of Investments***

TSSI generally limits its investment advice to mutual funds, ETFs, and insurance products including annuities, although TSSI primarily recommends Hedged Equity Funds. TSSI may use other securities as well to help diversify a portfolio when applicable.

TSSI has the authority to manage account investments on a discretionary basis in accordance with the investment objectives the client has selected. TSSI may purchase or sell securities not contained within the initial asset allocation without prior consent for rebalancing purposes. TSSI may also sell securities to rebalance account for cash needs.

### ***Client Tailored Services and Client Imposed Restrictions***

TSSI offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels). Clients are not permitted to impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs.

### ***Wrap Fee Programs***

As discussed herein, TSSI sponsors and acts as portfolio manager for this wrap fee program. TSSI manages the investments in the wrap fee program but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. The fees paid to the wrap account program will be given to TSSI as a management fee.

### ***Amounts Under Management***

TSSI has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 124,825,671	\$0.00	December 31, 2024

### ***Performance-Based Fees and Side-By-Side Management***

TSSI does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

### ***Methods of Analysis and Investment Strategies***

#### **Methods of Analysis**

TSSI's methods of analysis include fundamental analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

#### **Investment Strategies**

TSSI uses/recommends long-term investing and long-term investing.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### ***Material Risks Involved***

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#### **Methods of Analysis**

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

#### **Investment Strategies**

TSSI's use of options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long-term investing** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### ***Risks of Specific Securities Utilized***

TSSI's use of options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below TIPS PLACEHOLDER are not guaranteed or insured by the FDIC or any other government agency.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use "authorized participants" (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP [an ETF typically has multiple APs] and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value – NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Annuities** are retirement products for those who may have the ability to pay a premium now and want to guarantee they receive certain payments or a return on investment in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable

annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

*Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### ***Voting Client Securities (Proxy Voting)***

TSSI acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated to it, or for which it is deemed to have, proxy voting authority. TSSI will vote proxies on behalf of a client solely in the best interest of the relevant client and has established general guidelines for voting proxies. TSSI may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, TSSI may vote in a manner that is contrary to the general guidelines if it believes that it is doing so would be in a client's best interest. If a proxy proposal presents a conflict of interest between TSSI and a client, then TSSI will disclose the conflict of interest to the client prior to the proxy vote and, if participating in the vote, will vote in accordance with the client's wishes.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting TSSI in writing and requesting such information. Each client may also request, by contacting TSSI in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant client during the prior annual period.

## **Item 7: Client Information Provided to Portfolio Managers**

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

## **Item 8: Client Contact with Portfolio Managers**

TSSI does not restrict clients from contacting portfolio managers. TSSI's representatives can be contacted during regular business hours using the information on the Form ADV Part 2B cover page.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-Regulatory Organization (SRO) Proceedings***

There are no self-regulatory organization proceedings to report.

#### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Neither TSSI nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

#### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither TSSI nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

#### ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

Matthew Alan Taylor is a licensed insurance agent. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Taylor Securities Services, Inc.

always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any representative of Taylor Securities Services, Inc. in such individual's outside capacities.

Shawn David Mullarkey is a licensed insurance agent with Taylor Retirement Services, Inc. and from time to time may offer clients advice or products from those activities. Clients should be aware that these services may involve a conflict of interest; however, TSSI always acts in the best interest of the client. Clients are free to obtain these services or products through another provider and always have the right to utilize or decline the services of any TSSI representative in such individual's outside capacity.

Shawn David Mullarkey is a Financial Advisor for Taylor Retirement Services, Inc.

Janet M Lowe is a licensed insurance agent with Taylor Retirement Services, Inc. and from time to time may offer clients advice or products from those activities. Clients should be aware that these services may involve a conflict of interest; however, TSSI always acts in the best interest of the client. Clients are free to obtain these services or products through another provider and always have the right to utilize or decline the services of any TSSI representative in such individual's outside capacity.

### ***Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections***

TSSI does not select third-party investment advisers.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### ***Code of Ethics***

TSSI has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. TSSI's Code of Ethics is available free upon request to any client or prospective client.

### ***Recommendations Involving Material Financial Interests***

TSSI does not recommend that clients buy or sell any security in which TSSI or a related person has a material financial interest.

### ***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of TSSI may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of TSSI to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. TSSI will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

From time to time, representatives of TSSI may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of TSSI to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, TSSI will never engage in trading that operates to the client's disadvantage if representatives of TSSI buy or sell securities at or around the same time as clients.

### ***Frequency and Nature of Periodic Reviews***

Accounts are reviewed at least annually by Matthew Taylor, Shawn Mullarkey, or Janet Lowe, with regard to clients' respective investment policies and risk tolerance levels.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### ***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive a monthly account statement from the custodian.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients***

TSSI participates in the institutional advisor program (the "Program") offered by Charles Schwab. Member FINRA/SIPC ("Charles Schwab"). Charles Schwab offers independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. TSSI receives some benefits from Charles Schwab through its participation in the Program.

As disclosed above, TSSI participates in Charles Schwab's advisor program and TSSI may recommend Charles Schwab to clients for custody and brokerage services. There is no direct link between TSSI's participation in the Program and the investment advice it gives to its clients, although TSSI receives economic benefits through its participation in the Program that are typically not available to Charles Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and

tools; consulting services; access to a trading desk serving TSSI participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have TSSI's fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to TSSI by third party vendors. Charles Schwab may also pay for business consulting and professional services received by TSSI's related persons. Some of the products and services made available by Charles Schwab through the Program may benefit TSSI but may not benefit its client accounts. These products or services may assist TSSI in managing and administering client accounts, including accounts not maintained at Charles Schwab. Other services made available by Charles Schwab are intended to help TSSI manage and further develop its business enterprise. The benefits received by TSSI or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to Charles Schwab. As part of its fiduciary duties to clients, TSSI endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by TSSI or its related persons in and of itself creates a conflict of interest and may indirectly influence the TSSI's choice of Charles Schwab for custody and brokerage services.

### ***Compensation to Non – Advisory Personnel for Client Referrals***

TSSI does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### ***Balance Sheet***

TSSI neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

TSSI does not have any financial condition that would impair its ability to meet contractual commitments to clients.

### ***Bankruptcy Petitions in Previous Ten Years***

TSSI has not been the subject of a bankruptcy petition.