

**Item 1 – Cover Page**

**D.R. Saur Financial, Inc.**  
**12900 Preston Road, Suite 400**  
**Dallas, TX 75230**  
**(214) 559-3944**  
**www.drsaur.com**  
**03/14/2012**

This Brochure provides information about the qualifications and business practices of D.R. Saur Financial, Inc. If you have any questions about the contents of this Brochure, please contact us at (214) 559-3944. 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.

D.R. Saur Financial, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about D.R. Saur Financial, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Item discusses only specific material changes that are made to the Brochure and provides clients with a summary of such changes. Our last annual update of our Brochure was 04/14/2011.

You will receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

D.R. Saur Financial, Inc. now offers business development companies (BDCs) to clients through Kalos Capital. Item 19 for Requirements for State-Registered Adviser has been added to the Brochure.

Our Brochure may be requested by contacting Stephanie Holbrook, Director of First Impressions, at (214) 559-3944. Our Brochure is available on our web site [www.drssaur.com](http://www.drssaur.com).

Additional information about D.R. Saur Financial, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with D.R. Saur Financial, Inc. who are registered, or are required to be registered, as investment adviser representatives of D.R. Saur Financial, Inc.

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## **Item 4 – Advisory Business**

DATE BUSINESS ESTABLISH: October 1993

OWNERS:

Daniel Saur is the principal executive officer. He was born in 1963, earned a BAAS at Stephen F. Austin State University, and a ThM at Dallas Theological Seminary. He has been a principal of D.R. Saur Financial, Inc. since 1993.

Professional designations and examinations of Daniel Saur:

Uniform Securities Agent Law Examination, Series 63, November 3, 1993 and July 23, 2008.

General Securities Exam, Series 2, Proctor/NASD, February 18, 1994.

Registered Investment Advisor Rep since 1994.

General Lines Agent. Life, Accident, Health, HMO, July 1, 1997, Texas, Indiana, Kentucky, Florida.

BD Rep since 2008.

General Securities Representative Exam, Series 7, March 5, 2008.

Lisa Saur is a principal executive officer of Advisor. She was born in 1968, and earned a BFA from the University of North Texas in 1991. She joined Advisor in 1998. She operates as President. In 1997, she became a Texas General Lines Agent, Life, Accident, Health, HMO.

SERVICES: The Advisor develops portfolios or makes recommendations for each client based on the Advisor's understanding of the clients' needs, desires, and objectives as revealed by the client in interviews either in person, on the phone, through email, regular mail or in some other fashion.

The Advisor provides management for assets under management ("AUM") and has the authority and discretionary power to purchase and sell securities such as, but not limited to open and closed-end mutual funds, publicly traded real estate investment trusts (REITs), business development companies (BDCs), stocks, bonds, CDs, structured securities, variable annuity sub-accounts, and other investments and marketable securities in the client's AUM accounts at Advisor's sole discretion. The Advisor has discretion to select the assets purchased or sold and the amounts purchased or sold. However, the Advisor may accommodate a request of the client to enter transactions for other securities not recommended by the Advisor. However, the Advisor does not have discretionary authority on these other securities, nor will the Advisor monitor them, nor will the Advisor charge a fee for allowing them to reside in the account. They can be maintained in the client's account for the client's convenience, record keeping purposes, and/or the broker-dealers' competitive rates. Advisor, with written authorization from Client, may also invest Client assets in investments such as, but not limited to, non-traded REITs, business development companies (BDCs), oil and gas programs, limited partnerships, exempt securities, private bonds, managed futures, commodities, etc.

As of February 29, 2012, D.R. Saur Financial, Inc.'s Registered Investment Advisor discretionary assets under management totaled \$65,966,965. This number does not include investments that an advisor recommends as a registered representative of a broker-dealer in securities or values of insurance products.

## Item 5 – Fees and Compensation

### **Fee structure where D.R. Saur Financial is acting as portfolio manager at TD Ameritrade (these portfolios are being phased out in April 2012 and are no longer offered to new clients)**

Client will pay Advisor a fee for its AUM investment management services for managed assets held at TD Ameritrade according to the fee schedule below. This fee schedule does not apply to securities sold where the Advisor is acting as broker-dealer representative (Rep) or to insurance products that are not securities (e.g., fixed or indexed annuities, life insurance, disability, long-term care, overhead expense, etc.)

The Client's initial fee tier is based on the original value of financial assets invested with the Advisor; however, client is only billed for AUM.

<b>Total Investment</b>	<b>Flat-fee Schedule</b>
100,001-500,000	1.0%
500,001-1,000,000	.95%
1,000,001-2,000,000	.90%
2,000,001 or more	.85%

The table below only applies to accounts opened prior to 3/1/2011 which have 3,000,000 or more in assets.\*

3,000,001-4,000,000	.80%
4,000,001-5,000,000	.75%
5,000,001-10,000,000	.70%
10,000,001-15,000,000	.65%
15,000,001-20,000,000	.60%
20,000,001-25,000,000	.55%
25,000,001 or more	.50%

\*Prior to 2/28/2011, fee tiers existed below .85%. Effective 3/1/2011, the lowest fee tier is .85%.

Management fees are most often billed quarterly and deducted from the Client's account after the end of each quarter. The fee is normally based on the average daily balance of the account for the quarter in which the fee is being assessed. In any partial calendar quarter, the management fee will normally be prorated based on the number of days that the account was open during the quarter. There are times that the management fee is calculated and billed differently than as described above, usually when the assets are invested with a third party manager or variable annuity sub-accounts where Advisor is not acting as BD Representative ("Rep"), etc. If compensation is payable before the service is provided, the client may request in writing a refund from the Advisor for the pro-rated number of days not serviced if the account is removed from Advisor's investment advisory role. Fees are generally non-negotiable.

The Advisor is a registered investment advisor. When acting as investment advisor, Advisor generally works on a fee basis. The Advisor is also a licensed life and health agency registered with the Texas Department of Insurance. When acting as a BD Rep or life and health agent or agency, the Advisor normally receives compensation (such as a commission) for products or investments that are used by the Client. Securities

offered through Kalos Capital, Inc. located at 3780 Mansell Road, Suite 150, Alpharetta, Georgia 30022 and/or TD Ameritrade Institutional Services located at 4075 Sorrento Valley Blvd., Suite A, San Diego, California 92121 and investment advisory services offered through D.R. Saur Financial, Inc. D.R. Saur Financial, Inc. is neither an affiliate or subsidiary of either Kalos Capital, Inc. or TD Ameritrade Institutional Services.

D.R. Saur Financial, its FINRA registered representatives, and life and health licensed agents offer a variety of investment services and products that that clients may wish to utilize. Investment advisors seek to recommend well diversified portfolios for investors within the clients' preferences, targeted returns and risk tolerance. The investment advisor will receive compensation differently depending on which products or services the clients ultimately choose to utilize. When a client uses fee based asset management services, the advisor will receive fees. When a client uses commission based securities or insurance products, the advisor is usually paid a commission. D.R. Saur Financial, Inc. does not charge clients an asset based fee on products. Where a commission is paid to D.R. Saur Financial Inc., the company DOES NOT charge advisory fees in addition to commissions on the same assets. While many people would view the wide variety of products and services available to the client as an advantage, others may see a conflict of interest. Since there are various ways the advisor could receive compensation, there could be a conflict of interest if the advisor was intentionally trying to create one particular type of income rather than another as his recommendation could conceivably be based on the type of income he wanted to receive rather than what is in the best interest of the client.

When clients use D.R. Saur Financial managed money platforms, they primarily use no-load, or load-waived funds. If clients do not wish to purchase recommended investments products through D.R. Saur Financial, they have the option to purchase them from other brokers or agents that are not affiliated with D.R. Saur Financial, Inc.

Commission revenue contributes to a significant portion of D.R. Saur Financial, Inc.'s overall revenue. D.R. Saur Financial DOES NOT charge advisory fees in addition to commissions on the same assets.

#### **Fee structure where D.R. Saur Financial may not be acting directly as portfolio manager**

The Advisor may recommend that certain clients authorize the management of some or all of their assets by and/or among certain independent investment manager(s) or separately managed accounts ("Strategists"). Some of these Strategists may be available through turn-key asset management platforms ("TAMPs") such as FTJ FundChoice ("FTJ"), Envestnet, or other similar providers. The terms and conditions under which the client shall engage TAMP shall be set forth in TAMP company documents. The Advisor shall continue to render advisory services to the client relative to the recommendations of Strategists, ongoing monitoring and review of account performance, for which Advisor shall receive an advisory fee. Factors that the Advisor shall consider in recommending Strategists include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, flexibility of the platform, and research. On TAMP platforms, there are usually administrative fees charged by TAMP, a Strategist fee, a custodial fee which may be transaction based or wrap fee, and the Advisor's investment advisory fee as set forth below. TAMPs and Strategists accounts are billed on an account level and are irrespective of other client assets managed by D.R. Saur Financial.

#### **D.R. Saur Financial fee structure for FTJ FundChoice only**

Total Investment	Flat-fee Schedule
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0-500,000	1.0%
500,001-1,000,000	.95%
1,000,001-2,000,000	.90%
2,000,001 or more	.85%

**D.R. Saur Financial fee structure for all other TAMPs and Strategists**

<b>Total Investment</b>	<b>Layered-fee Schedule</b>
0-1,000,000	1.0%
1,000,001-2,000,000	.95%
2,000,001-3,000,000	.90%
3,000,001 or more	.85%

If D.R. Saur Financial is selected as the Strategist on a TAMP, there will normally be administrative fees charged by TAMP, a Strategist fee (from D.R. Saur Financial), the Advisor's investment advisory fee as set forth above, and a custodial fee. Both the administrative fees and the Strategist fees should be disclosed in the TAMP documents.

**Other fee information**

The Advisor may offer investment advice to people for money that is not under the investment supervisory services of Advisor at a rate of \$400 per hour. For example, if a person wanted a retirement plan prepared or his company retirement plan options reviewed, the Advisor could offer these kind of services at a rate of \$400 per hour. The Advisor may also quote a flat fee for various services offered such as creating a financial plan or reviewing and recommending allocations for a retirement plan that the Advisor does not manage.

When a client contracts with Advisor and they have existing securities or other assets, the Advisor may give recommendations on retaining or disposing of those assets. Advisor may also offer advice on other investments or financial tools such as insurance products.

D.R. Saur Financial Inc.'s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to D.R. Saur Financial, Inc.'s fee, and D.R. Saur Financial, Inc. shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that D.R. Saur Financial, Inc. considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

D.R. Saur Financial, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

D.R. Saur Financial, Inc. provides portfolio management services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, and charitable organizations.

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

D.R. Saur Financial, Inc. bases recommendations on clients' individual goals and risk comfort level. Portfolios ranging from conservative to aggressive growth are available depending on the individual needs of a client.

D.R. Saur Financial, Inc. does analysis on each portfolio used. Advisor studies factors such as historical or hypothetical performance and risk measurements. Advisor also seeks to have an understanding of each manager's strategy.

Investing in securities involves risk of loss that clients should be prepared to bear. Managers may not manage assets and/or perform as they did in the past. It is also possible that the companies which provide data to D.R. Saur Financial may provide incorrect information, and it is possible that D.R. Saur Financial may incorrectly interpret that data. Mutual funds, ETFs, separately managed accounts, managed futures, strategists, stocks, bonds, etc. are subject to market risks and there is no assurance or guarantee that the objectives of the portfolios will be achieved. Past performance is not indicative of future returns.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of D.R. Saur Financial, Inc. or the integrity of D.R. Saur Financial, Inc's management. D.R. Saur Financial, Inc. has no information applicable to this Item.

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

In addition to giving investment advice on securities as a registered investment advisor, Advisor is also an Insurance Agency. Reps may also be licensed Rep of BD and/or licensed to sell insurance products. Reps, insurance agents, or other qualified employees may sell investments, such as, but not limited to securities, interests in direct participation programs (such as but not limited to non-traded REITs, BDCs, oil and gas), limited partnerships, private equity, preferred stocks, variable annuities, exempt securities, private bonds,



fixed and indexed annuities and other insurance products for a commission. These commissions are completely separate and distinct from investment advisory fees. Client is not obligated to use D.R. Saur Financial, Inc. or associated persons to purchase these products. The providers of these investment tools are numerous and change frequently as opportunities come and go. From time to time, Advisor utilizes the investment services of other registered investment advisors for its clients, but at no time does the Advisor charge a management fee and commission on the same investment.

D.R. Saur Financial, Inc. has relationships with institutions that refer clients to D.R. Saur Financial, Inc. in return for compensation. These institutions may include other investment advisors, insurance agencies, banks and credit unions.

The above relationships do not create a material conflict of interest with clients.

## **Item 11 – Code of Ethics**

D.R. Saur Financial, Inc. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at D.R. Saur Financial, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

D.R. Saur Financial, Inc. anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which D.R. Saur Financial, Inc. has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which D.R. Saur Financial, Inc., its affiliates and/or clients, directly or indirectly, have a position of interest. D.R. Saur Financial, Inc.'s employees and persons associated with D.R. Saur Financial, Inc. are required to follow D.R. Saur Financial, Inc.'s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of D.R. Saur Financial, Inc. and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for D.R. Saur Financial, Inc.'s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of D.R. Saur Financial, Inc. will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the Code requires pre-clearance of some transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between D.R. Saur Financial, Inc. and its clients.

D.R. Saur Financial, Inc.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Lisa Saur.

It is D.R. Saur Financial, Inc.'s policy that the firm will not affect any principal or agency cross securities transactions for client accounts. D.R. Saur Financial, Inc. will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A

principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Advisor, Investment Advisor Reps, or BD Reps may purchase securities for itself that it recommends for its clients, but never in such volume that there would be a conflict of interest. The dollar volume invested by Advisor, Investment Advisor Rep, or BD Rep is insignificant to the total assets of the investment and will not artificially manipulate the assets' prices.

## **Item 12 – Brokerage Practices**

Since Advisor does not have discretion to choose the BD the client will use for investment supervisory accounts, clients must direct the Advisor to use a particular broker for all trades. By directing the use of a particular BD, the Advisor may not be able to negotiate commissions, obtain volume discounts, or achieve best execution. In addition, a disparity in commission charges may exist among clients.

The Advisor suggests BDs to his clients based on his experience with their services, the competitive nature of their fees, and availability with specific assets.

## **Item 13 – Review of Accounts**

Advisor's internal investment committee meets to review investment supervisory account assets. Overall review of performance of supervisory accounts is performed quarterly. There are currently four attendees at the investment committee meeting: Daniel Saur, Chief Executive Officer, Investment Advisor; Michael Welch, Vice President, Investment Advisor; Amy Walley, Director of Financial Planning; and Lisa Saur, President. All investment decisions regarding the composition of the portfolios are made solely by the registered investment advisor representatives.

Investment Supervisory Service clients are provided regular statements from their investment providers, often once per month though some investment providers may send at different intervals. This statement reports the value of the accounts, securities, transactions made, and any fees charged.

## **Item 14 – Client Referrals and Other Compensation**

D.R. Saur Financial, Inc. has relationships with institutions that refer clients to D.R. Saur Financial, Inc. in return for compensation. These institutions may include other investment advisors, insurance agencies, and banks, and credit unions. D.R. Saur Financial, Inc. shares insurance commissions with insurance agencies. D.R. Saur Financial, Inc. shares fees with other registered investment advisors. D.R. Saur Financial, Inc. shares fees with banks and credit unions. D.R. Saur Financial, Inc.'s securities broker-dealer splits D.R. Saur Financial, Inc.'s securities commissions with banks and credit unions and pays banks and credit unions directly.

D.R. Saur Financial, Inc. refers clients to other insurance agencies and receives a portion of commission if business is transacted. The above relationships do not create a material conflict of interest with clients.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets though some institutions may only send statements when an account has activity. D.R. Saur Financial, Inc. urges clients to carefully review official custodial account statements.

### **Item 16 – Investment Discretion**

D.R. Saur Financial, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, D.R. Saur Financial, Inc. observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, D.R. Saur Financial, Inc.'s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to D.R. Saur Financial, Inc. in writing.

### **Item 17 – Voting *Client* Securities**

As a matter of firm policy and practice, D.R. Saur Financial, Inc. does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. D.R. Saur Financial, Inc. may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about D.R. Saur Financial, Inc.'s financial condition. D.R. Saur Financial, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### **Item 19 – Requirements for State-Registered Advisers**

Information regarding principal executive officers, outside business activities, fees, and client referrals and other compensation have been addressed in other Items of this Brochure. There have been no civil or arbitration claims against Adviser.