

# Caplan Financial Group, LLC

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## **ADV Part 2A, Firm Brochure**

Dated: March 21, 2014

This brochure provides information about the qualifications and business practices of Caplan Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at: (410) 735-1905, or by email at: [info@caplanfinancialgroup.com](mailto:info@caplanfinancialgroup.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 Caplan Financial Group, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Caplan Financial Group, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Item 2      Material Changes

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### Annual Update

There have been no material changes made to this brochure since CFG's last annual amendment filing on March 26, 2013.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (410) 735-1905 or by email at: [info@caplanfinancialgroup.com](mailto:info@caplanfinancialgroup.com).

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## Item 4      Advisory Business

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### Firm Description

Caplan Financial Group, LLC (“CFG”) is a limited liability company formed on February 1, 2002 in the State of Maryland. CFG became registered as an Investment Advisory Firm on February 1, 2002. CFG is owned by Mitchell Caplan. Mr Caplan is also CFG’s Managing Member.

CFG offers its clients investment advisory services and financial planning services. The firm’s compensation is derived from fees paid directly by clients. The firm does not receive commissions based on the clients’ purchase of securities. No referral fees are paid or accepted. As discussed below, Mitchell Caplan, individually, may earn commissions from the sale of insurance products.

Assets under management of CFG are held by independent custodians. Fidelity Investments is the primary custodian holding CFG directed investments. Clients may hold investments at other custodians such as TD Ameritrade and Charles Schwab and still fall under the management of CFG.

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### Principal Owners

Mitchell Caplan is 100% owner of Caplan Financial Group, LLC.

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### Types of Advisory Services

CFG offers its clients investment advisory services and, to the extent specifically requested by clients, financial planning services.

### **INVESTMENT ADVISORY SERVICES**

Clients can engage CFG to provide discretionary or non-discretionary investment advisory services on a *fee* basis. CFG primarily allocates client investment assets among open-end mutual funds in accordance with the client’s designated investment objective(s).

CFG does not customarily advocate investment strategies that involve wide ranging diversification, rebalancing of portfolios at particular time frames, modern portfolio theory and/or index investing. Rather, we generally advocate the use of a limited number of diversified and/or non-diversified open-end mutual funds for a client’s total investment portfolio.

Clients who engage CFG on a **non-discretionary** investment advisory basis **must be willing to accept** that CFG cannot effect any account transactions without obtaining prior verbal consent to

any such transaction(s) from the client. Thus, in the event CFG wishes to make changes to the clients investment portfolio at a time when client is unavailable, CFG will be unable to effect such transactions.

## **FINANCIAL PLANNING SERVICES**

To the extent requested by a client, CFG may be engaged to provide financial planning services. Customarily, clients will engage CFG to provide an initial financial plan and ongoing financial planning services and updates.

If requested by the client, the initial financial plan as well as ongoing financial planning services and updates will address the following eight areas of planning:

**1. GOAL SETTING AND ONGOING MONITORING AND ASSESSMENT:**

- Identify short, medium and long term financial goals.
- Evaluate progress towards goals and recommend changes as needed.

**2. INVESTMENT ANALYSIS:**

- Provide asset allocation services regarding investments not directly managed by Caplan Financial Group such as 401(k) retirement plan assets.
- Recommend investments to implement the agreed-upon allocation.
- Recommend changes to investment selections to implement the revised portfolio allocation.

**3. INSURANCE REVIEW\*:**

- Review the amount and type of all life insurance policies.
- Review ownership and beneficiary designations and their integration with current estate plan.
- Review amount and type of individual and group long-term disability insurance.
- Review need for long-term care insurance as well as benefit amount and type of policy.

**4. EMPLOYEE BENEFIT UPDATE:**

- Review new and amended employee benefits programs offered by employer.
- Discuss how to utilize available benefits.
- Review and consider changes to elections for retirement plans, insurance options, flexible spending accounts and other benefits.
- Review stock options, restricted stock and other deferred compensation programs.

**5. TAX PLANNING UPDATE\*\*:**

- Review previous tax planning recommendations.
- Discuss implementation issues.
- Evaluate effectiveness of implemented planning.
- Discuss relevant changes in the tax laws.
- Consider revised or new tax planning ideas.
- Discuss involvement of other service providers (e.g., CPA and attorney).
- Set or revise plan to implement established goals.

**6. ESTATE PLANNING UPDATE\*\*:**

- Review previous estate planning recommendations.
- Discuss implementation issues.
- Discuss relevant changes in family status and personal goals that may impact planning.
- Consider need for asset protection planning.
- Discuss changes in the tax laws.
- Consider revised or new planning ideas.
- Discuss involvement of other service providers (e.g., CPA and attorney).
- Set or revise plan to implement established goals.

**7. REAL ESTATE/REAL ESTATE FINANCING ANALYSIS:**

- Discuss planning issues related to purchase of a new primary residence, vacation property and/or investment real estate property.
- Review terms of current financing programs and consider alternatives.
- Participate, as requested, in phone conferences and meetings with mortgage lenders.

**8. OTHER:**

- Discuss planning for pending or recent inheritance.
- Review planning considerations for providing care to parents and other relatives including any requirements for financial assistance.
- Discuss impact of any planned or possible significant life events and consider impact on current and future financial plans.

\*Caplan Financial Group's review of your insurance program is limited to a review of and/or recommendations relating to the adequacy of life, long-term disability and long-term care insurance only. In conjunction with ongoing financial planning, we recommend that clients consult their current insurance agent(s) to discuss the adequacy of homeowners, automobile, excess liability, health, major medical, business liability, errors and omissions and/or any other property and casualty, business liability or related type insurance.

\*\*All listed services require the input of a licensed tax and/or legal professional. Clients understand that any tax and/or legal strategies discussed must be approved by their tax and legal advisors prior to implementation.

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**Miscellaneous Disclosures**

Non-Investment Consulting/Implementation Services. To the extent requested by the client, CFG may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither CFG or its representatives serve as an attorney and no portion of CFG's services should be construed as same. To the extent requested by a client, CFG may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.) including CFG's representatives in their separate and individual capacities as a licensed insurance agent and/or certified public accountant as disclosed in Item 10 below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from CFG. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client's responsibility to

promptly notify CFG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising CFG's previous recommendations and/or services.

Disclosure Statement. A copy of CFG's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the applicable form of client agreement.

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### **Tailored Relationships**

At CFG, investment management and financial planning services are tailored to the individual needs of clients. Client goals and objectives are clarified in meetings and used to determine the course of action for each individual client.

It remains the client's responsibility to promptly notify CFG if there are changes in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising previous recommendations and/or services.

In performing its services, CFG shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon.

Clients may impose restrictions on investing in certain types of securities. Client must clearly communicate the type of securities that it wishes to exclude from the assets managed by CFG.

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### **Wrap Fee Program**

CFG does not participate in, manage, or sponsor any wrap fee programs.

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### **Managed Assets**

As of December 31, 2013, CFG had \$181,038,754 in assets under management on a discretionary basis and \$1,063,975 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

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### Description

Generally, CFG bases its fees for investment advisory services on a percentage of assets under management. Fees charged for financial planning services entail a fixed fee for the initial financial plan and/or a fixed or variable fee for ongoing financial planning services. All fees are negotiable.

#### **FEES FOR INVESTMENT ADVISORY SERVICES**

When a client retains CGF to provide investment advisory services on a *fee* basis, CFG's annual investment advisory fee shall vary from negotiable up to 2.50% of the total assets placed under CFG's management/advisement and shall be based upon various **objective and subjective factors**. These factors include, but are not limited to, the amount of the assets placed under CFG's management, the level and scope of the overall investment advisory services to be rendered and the complexity of the engagement.

**Note: Fee Differentials.** CFG shall price its services based upon various objective and subjective factors. As a result, CGF's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning and/or consulting services to be rendered. The services to be provided by CFG to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

#### **FEES FOR FINANCIAL PLANNING SERVICES**

Fees for CFG's financial planning services are negotiable. Generally, CFG charges a one-time fixed fee of between \$2,000 and \$20,000 for the initial financial plan. Fees charged for ongoing financial planning services are generally stated as a fixed dollar amount or are based on a formula tied to a client's net worth.

Generally, CFG will send an invoice for payment for the initial financial plan. Generally, clients will pay this invoice directly via check made payable to CFG.

Clients pay ongoing financial planning fees using one or more of the following fee payment mechanisms:

1. Quarterly invoice sent to client's address of record.
2. Monthly or quarterly deduction from client's account custodied at a qualifying custodian.

3. Monthly or quarterly payment via credit card. (CFG understands the SEC “custody” rules and implications to such rules if CFG were to maintain client credit card information. See Custody discussion on page 12).

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## **Fee Billing**

Generally, CFG’s investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. In certain cases, CFG and client may agree upon a method different from the aforementioned payment process.

CFG shall reimburse accounts for losses resulting from CFG’s trade errors.

## **BILLING PRACTICES**

With occasional exceptions made based on negotiation between CFG and clients, clients will pay investment advisory fees in advance of services provided. Client will receive a refund of prepaid investment advisory fees if the Discretionary Investment Management Agreement is terminated before the end of the billing period. If client terminates the Discretionary Investment Management Agreement, the amount refunded will be calculated based on the date the assets are withdrawn from the account. If CFG terminates the Discretionary Investment Management Agreement, the amount refunded will be calculated based on the date we terminated the Agreement.

Timing of payments for the initial financial plan and/or ongoing financial planning services are negotiated between CFG and client. The timing of payments is generally documented in Exhibit B to the Ongoing Financial Planning Agreement.

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## **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and other investment products. These transaction charges are usually relatively small and are incidental to the purchase or sale of a security.

Mutual funds generally charge a management fee for their services as investment managers. The management fee is included in the expense ratio. Mutual fund fees also include transaction charges for the purchase or sale of securities within the fund. Mutual funds may also charge additional fees as disclosed in the fund prospectus. These fees are in addition to the fees paid by the client to CFG.

Please see the section entitled “Brokerage Practices” on page 10 for more information.

At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), and



depending upon liquid cash necessary for fee billing purposes, CFG may maintain cash positions. All cash positions (money markets, etc) shall be included as part of assets under management for purposes of calculating CFG's advisory fee.

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**Termination of Agreements**

Both CFG and client may terminate a Discretionary Investment Management Agreement and/or Ongoing Financial Planning Agreement at any time, for any reason. Any unearned portion of fees collected in advance will be refunded by CFG to client.

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**Compensation for Sales of Investment Products**

CFG's compensation is derived from fees paid directly by clients. CFG does not receive commissions based on the client's purchase of securities. As discussed below, Mitchell Caplan, individually, may earn commissions from the sale of insurance products.

**Item 6      Performance-Based Fees**

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**Sharing of Capital Gains**

Neither CFG nor any supervised person of CFG accepts performance-based fees.

**Item 7      Types of Clients**

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**Description**

CFG generally provides investment and/or financial planning advice to individuals, families and trusts. Advice may be extended to entities related to the client such as closely held businesses. Client relationships vary in scope and length of service. CFG does not generally impose a minimum dollar value of assets for opening or maintaining an account. CFG may impose a minimum fee for investment advisory services and/or ongoing financial planning services. Minimum fees are negotiated on an individual client basis.

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

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### **Methods of Analysis**

CFG generally utilizes no-load, open end mutual funds for client investment portfolios. The main sources of information on securities utilized include Morningstar reports, fund prospectuses, financial newspapers and magazines and research materials prepared by others. Employees of CFG may also participate in on-site and off-site visits with mutual fund managers, conference calls with mutual fund management teams and industry conferences.

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### **Investment Strategies**

The investment strategy for a specific client is based upon the objectives, income needs and tax situation stated by the client during consultations. Client portfolios will contain a limited number of securities.

CFG does not utilize model portfolios and does not customarily advocate strategies involving wide ranging diversification, rebalancing of portfolios at the particular time frames and/or index investing. CFG advocates the use of a limited number of diversified and/or non-diversified open-end mutual funds.

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### **Risk of Loss**

Investing in securities involves risk of loss that client should be prepared to bear. All investment programs have certain risks that are borne by the investor. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by CFG) will be profitable or equal any specific performance level(s).

Our investment approach keeps the risk of loss in mind. However, as with all investments, clients face investment risks including the following: Loss of Principal Risk, Interest-rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk.

## **Item 9      Disciplinary Information**

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CFG and its related persons have not been involved in any legal or disciplinary events related to past or present activities requiring disclosure at this Item 9.

## Item 10 Other Financial Industry Activities and Affiliations

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### Activities

CFG does not participate in any other business activities. Neither CFG nor CFG's supervised persons are registered as, or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. Neither CFG nor its representatives are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or a representative of the foregoing.

Mitchell Caplan, in his individual capacity, is a licensed insurance agent/broker. Mitchell Caplan may recommend the purchase of certain insurance-related products on a commission basis. Clients have the sole discretion as to whether to engage Mitchell Caplan to effect insurance transactions on their behalf.

The recommendation by Mitchell Caplan that a client purchase an insurance product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any insurance products from Mitchell Caplan. Clients are reminded that they may purchase insurance products recommended by Mitchell Caplan through other non-affiliated insurance agents/brokers. **CFG's Chief Compliance Officer, Mitchell Caplan, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

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### Affiliations

CFG does not have any business affiliations with any related person or entity that are material to its advisory business. Mitchell Caplan, in his individual capacity, has been appointed as an agent/broker with numerous insurance companies.

Henry P. Alden, II, an Investment Advisory Representative of CFG, owns and operates Everest International Group, LLC and Everest Ito Group, LLP. Both of these entities are Certified Public Accounting and Consulting firms (see Part 2B – Brochure Supplement, page 17). Clients are not obligated to engage the services of Mr. Alden's practice. Any services provided by Mr. Alden are to be undertaken via a separate contract between the client and his firm. All such accounting, tax and/or consulting services are separate and distinct from any services provided by CFG. CFG does not accept any revenue for referrals made to Mr. Alden and/or the aforementioned entities.

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

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### **Code of Ethics**

CFG and its related persons are committed to a Code of Ethics. The primary commitments within CFG's Code of Ethics are putting the clients' interest first, objectivity, competence, fairness and suitability, integrity and honesty, regulatory compliance, full disclosure, and professionalism.

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

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### **Participation or Interest in Client Transactions**

Neither CFG nor any related person of CFG recommends, buys, or sells for client accounts, securities in which CFG or any related person of CFG has a material financial interest. However, CFG and its Access Persons may at times buy or sell securities that are also held by clients. Because the majority of securities purchased and sold by CFG and clients are open end, no-load mutual funds, CFG and/or its Access Persons will generally not be in a position to materially benefit from the sale or purchase of such mutual funds.

Mitchell Caplan, the Chief Compliance Officer of CFG, reviews all Access Persons' trades each quarter. The personal trading reviews ensure that the personal trading of Access Persons is not based on inside information and that clients of the firm receive preferential treatment. Personal securities trades placed by CFG's Access Persons are not of a significant enough value to affect the securities markets.

CFG and/or representatives of CFG *may* also buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where CFG and/or its Access Persons are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Even though CFG's Access Persons' trading is not significant enough value to affect the securities markets, as indicated above, Mitchell Caplan monitors the personal securities transaction and securities holdings of each Access Person to mitigate this potential conflict of interest.

## **Item 12      Brokerage Practices**

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### **Selecting Brokerage Firms**

In the event that the client requests that CFG recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct CFG to use a specific broker-dealer/custodian), CFG generally recommends that investment advisory accounts be maintained at Fidelity Investments. Prior to engaging CFG to provide investment advisory services, the client will be required to enter into a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that CFG considers in recommending Fidelity Investments (or any other broker-dealer/custodian to clients) include historical relationship with CFG, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by CFG's clients shall comply with CFG's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where CFG determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although CFG will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, CFG's investment advisory fee. CFG's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

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### **Soft Dollars**

CFG does not receive soft dollar benefits from custodians. However, although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, CFG may receive from Fidelity Investments (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist CFG to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by CFG may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by CFG in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist CFG in managing and administering client accounts. Others do not directly provide such assistance, but rather assist CFG to manage and further develop its business enterprise.

CFG's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity Investments as a result of this arrangement. There is no corresponding commitment made by CFG to Fidelity Investments or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement

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### **Referrals from Broker-Dealers/Custodians**

CFG does not receive referrals from Fidelity Investments or other broker-dealers/custodians.

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### **Directed Brokerage**

CFG does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and CFG will not seek better execution services or prices from other broker-dealers or be able to "bundle" the client's transactions for execution through other broker-dealers with orders for other accounts managed by CFG. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs CFG to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through CFG.

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### **Aggregation**

To the extent that CFG provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless CFG decides to purchase or sell the same securities for several clients at approximately the same time. CFG may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among CFG's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. CFG shall not receive any additional compensation or remuneration as a result of such aggregation.

**CFG's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangements.**

## **Item 13      Review of Accounts**

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### **Periodic Reviews**

Unless clients of the firm request otherwise, CFG will provide ongoing financial planning updates and a review of client's investment portfolios on a semiannual basis. Generally these review meetings will occur during the month of the client's birth date and half birth date. Ongoing financial planning reviews will vary in focus as requested by the client. Investment management reviews will also vary in focus based upon changes in market conditions, new information about investment managers/mutual fund management, changes in tax laws and/or other important events.

Both ongoing financial planning reviews and investment management reviews are performed by Mitchell Caplan. The total number of households for which Mitchell Caplan provides regular investment advisory and/or ongoing financial planning services is approximately 130.

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### **Review Triggers**

As discussed above, ongoing financial planning and investment management reviews are generally performed on a semiannual basis. Additional reviews may be triggered by client request, changes in market condition, new information about investment managers/mutual funds, changes in tax laws, changes in clients' goals/objectives and/or other client life changing events such as birth of a child, marriage/divorce/remarriage, inheritance and/or other life changing events.

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### **Regular Reports**

Written reports are provided to clients when review meetings are conducted. The reports may consist of an Investment Strategy Analysis Report (a statement of holdings and their classification), Investment Portfolio Performance Reports, a Financial Security Summary (a list of assets, liabilities and other important information) or other reports as needed.

Investment Portfolio Performance Reports are provided to clients who specifically request such reports. These reports are generally provided in January and reflect client portfolio returns during the previous year.

## **Item 14      Client Referral and Other Compensation**

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### **Incoming Referrals**

CFG's referrals generally come from current clients, estate planning attorneys, accountants, personal friends or employees and other sources. The firm does not pay for referrals.

As referenced in Item 12 above, CFG may receive support services and/or products from Fidelity Investments which constitute an indirect economic benefit.

CFG's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity Investments as a result of this arrangement. There is no corresponding commitment made by CFG to Fidelity Investments or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**CFG's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

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### **Referrals to Other Professionals**

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

## **Item 15      Custody**

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### **Account Statements**

All assets are held at qualified custodians who provide account statements directly to clients at their address of record. Clients are encouraged to carefully review the statements provided by their custodians.

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### **Statements Provided by Caplan Financial Group, LLC**

Clients are at times provided Financial Security Summary reports (a statement of net worth and other important information specifically requested by client to be included) and/or a list of investment holdings and/or Investment Portfolio Performance Reports. Clients are urged to compare the statements they receive from us to those they receive from their qualified custodians if applicable. In situations where assets not held at qualified custodians (real estate, stock options and other assets) are listed on reports they receive from us, clients are urged to provide feedback and/or discuss the values with us during review meetings.

## **Item 16      Investment Discretion**

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### **Discretionary Authority for Trading**

CFG accepts discretionary authority to manage securities accounts on behalf of clients. CFG has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, if discretionary



authority or a limited power of attorney has not been given, CFG consults with the client prior to each trade to obtain concurrence. Discretionary trading authority facilitates placing trades in clients' accounts on their behalf.

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### **Limited Power of Attorney**

Clients must sign a limited power of attorney before CFG is given discretionary authority. The limited power of attorney is included as part of the Discretionary Investment Management Agreement executed between client and CFG.

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## **Item 17      Voting Client Securities**

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### **Proxy Votes**

CFG does not vote proxies for securities over which it maintains discretionary authority. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients can contact CFG with questions about proxies or other solicitations they receive.

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## **Item 18      Financial Information**

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### **Financial Condition**

CFG does not have any financial impairment that would preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because CFG does not serve as a custodian for client funds or securities, other than as described above, and CFG does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.