

## **TFO-TDC, LLC**

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[www.tdcvirginia.com](http://www.tdcvirginia.com)

[www.synergywealthpartners.com](http://www.synergywealthpartners.com)

[www.wvcwa.com](http://www.wvcwa.com)

[www.redefiningyourretirement.com](http://www.redefiningyourretirement.com)

**March 29, 2017**

This Brochure provides information about the qualifications and business practices of TFO-TDC, LLC (hereinafter "TFO-TDC"). TFO-TDC also conducts business (DBA) under the following names: TDC Investment Advisory, TDC St. Louis, Synergy Investment Management, WVC Wealth Advisors, RFG Investment Advisory and TDC Denver. If you have any questions about the contents of this Brochure, please contact us at (419) 891-9999. 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.

TFO-TDC 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 TFO-TDC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for TFO-TDC is 124407.

## Item 2 Summary of Material Changes

ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 28, 2016 we made the following material changes:

- We made certain disclosures under Item 4 to inform clients and prospective clients that TFO-TDC primarily recommends mutual funds offered by Dimensional Fund Advisors (DFA).

Followig is the updated language:

*DFA sponsored mutual funds follow a passive asset class investment philosophy with low operating expenses, low holdings turnover, and below-average capital gains distributions. DFA funds generally are available for investment only by clients of registered investment advisers, and all investments are subject to the approval of the adviser. This means that you may not be able to make additional investments in DFA funds if you terminate your agreement with TFO-TDC, except through another adviser authorized by DFA.*

- We have updated our disclosure brochure to reflect that we are affiliated with Lion Street Inc.; TDC Life, Inc; and One to One, LLC through common control and ownership. The pertinent language added to our disclosure brochure reads as follows:

Lion Street, Inc.

*Lion Street, Inc. is a privately held financial services distribution company. Certain associated persons are minority owners of and/or serve on the Board of Directors of Lion Street, Inc. Lion Street, Inc. owns a registered investment adviser, Lion Street Advisors, LLC and a broker-dealer, Lion Street Financial, LLC (collectively "Lion Street"). In some cases, our affiliated insurance agencies and associated persons of our firm who are licensed insurance agents may utilize Lion Street, Inc. for purposes of distribution in connection with selling insurance products to clients of our firm. Clients of TFO-TDC, LLC may also, coincidentally, be clients of Lion Street, however, we do not recommend that clients utilize the services of Lion Street. Clients are hereby advised that the services and fees charged by our firm are separate and distinct from those of Lion Street. No Supervised Person of TFO-TDC, LLC provides any investment advisory or other services on behalf of Lion Street and Lion Street does not share any revenues with TFO-TDC. However, certain associated persons that are minority owners of Lion Street receive compensation based on their ownership in Lion Street, Inc.*

TDC Life, Inc.

*Certain associated persons of TFO-TDC are also insurance agents and/or officers of TDC Life, Inc. a licensed insurance agency. TDC Life offers and sells term and permanent life insurance products, long-term care products, disability insurance, and fixed annuity products. TDC Life and/or its licensed insurance agents or officers may, from time to time, also earn incentive awards, increased bonus payments or seminars/trips treated as earned compensation for the recommendation/introduction of insurance products. TDC Life does not share any revenues with TFO-TDC.*

One to One, LLC

*One to One, LLC, an affiliated registered investment adviser (SEC #284717) is wholly owned by TFO-TDC, LLC. One to One, LLC offers investment management services primarily through a technology platform.*

*TFO-TDC, LLC may recommend the advisory services of One to One, LLC to our clients and One to One, LLC may recommend the advisory services of TFO-TDC, LLC to its clients when each respective firm believes the services of the other firm are more appropriate for the client. The advisory services provided by and fees charged by TFO-TDC, LLC are separate and distinct from the advisory services provided by and the fees charged by One to One, LLC. No One to One, LLC client is obligated to use the advisory services of TFO-TDC, LLC, as no TFO-TDC, LLC advisory client is obligated to use the advisory services of One to One, LLC. Given the affiliation between One to One, LLC and TFO-TDC, LLC, each firm has a potential conflict of interest and incentive to recommend the services of the other. We believe that One to One, LLC offers quality services for competitive fees and we only recommend One to One, LLC when suitable and in the best interests of clients.*

*Certain employees and Investment Adviser Representatives of TFO-TDC, LLC may also be employees and Investment Adviser Representatives of One to One, LLC. The possibility exists that TFO-TDC, LLC and One to One, LLC may independently yet contemporaneously purchase or sell the same securities for their respective clients. In such cases, orders which are placed first for clients with each respective firm may receive a better price than those received by clients for whom orders are placed after those which are traded first. Investment decisions and recommendations made by TFO-TDC, LLC are separate and distinct from investment decisions and recommendations made by One to One, LLC. One to One, LLC only invests in open end mutual funds that trade at a net asset value at the end of a trading day, so TFO-TDC, LLC believes there is less chance of any price discrepancies. Therefore, TFO-TDC, LLC believes better pricing received by any client of each respective firm would be dictated by market forces and not as a result of any priority placement of orders.*

- We have updated our disclosure regarding our affiliation with William Vaughan Company (WVC). The pertinent language added to our disclosure is the following:

*TFO-TDC has entered into a solicitor's agreement with WVC whereby TFO-TDC pays WVC a percentage of advisory fees charged to clients referred by WVC (see Item 14 - Client Referrals and Other Compensation). In addition, TFO-TDC may recommend WVC to TFO-TDC advisory clients in need of accounting services. The services provided by and fees charged by WVC for accounting services are separate and apart from the services provided by and fees charged by TFO-TDC for advisory services. WVC also provides professional accounting and tax related services ("services") to TFO-TDC. Given the reciprocal referral arrangements, solicitor's arrangement and services described above, both TFO-TDC and WVC have an incentive to recommend the services of each firm to their respective clients.*

- For retirement plan services, we have updated the list of custodians that we may recommend for custodial services. The updated language reads as follows:

*TFO-TDC arranges for the execution of securities transactions for certain plans custodied with Schwab, MG Trust and DST Market Services. Other transactions are executed directly through employee plan participation. TFO-TDC may also recommend custodial services through Fidelity, State Street Bank, First Mercantile Trust, Empower, John Hancock, Lincoln Financial Group, Paychex, ADP and TD Ameritrade. Recommendations are based on many factors including cost, services provider based on demographics of each plan.*

- Christopher Tracey has replaced Patrick Boyle in the role of Chief Compliance Officer in September 2016. If you have any questions regarding your Investment Advisory Representatives, please contact Mr. Tracey at (419) 891-9999.

Currently, our Brochure may be requested by contacting TFO-TDC's Chief Compliance Officer, Chris Tracey at (419) 891-9999.

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## Item 4 Advisory Business

TFO-TDC is owned by two trusts: 1) Erblich Family Irrevocable Trust dtd 11/30/12 and 2) MSJMR 2008 Irrevocable Trust. The Trustee and control person for trust #1 is Mr. Christopher Erblich and the Trustee and control person for trust #2 is Mr. Cleves Delp. Mr. Delp is the Managing Member of TFO-TDC and Mr. Erblich is a Member of TFO-TDC.

TFO-TDC has been providing advisory services since 2003. Previous names of the entity have been TDC St. Louis, LLC and Husch Family Office, LLC.

As of December 31, 2016, TFO-TDC managed \$1,614,120,825 on a discretionary basis and \$34,005,817 on a non-discretionary basis in regulatory assets under management. In addition, TFO-TDC provided retirement plan consulting services to \$391,184,056 of self-directed retirement accounts.

### **Investment Management Services:**

TFO-TDC manages investment portfolios for a wide variety of clients including individuals (including high net worth individuals), qualified retirement plans, trusts, charitable organizations, small businesses and corporations. TFO-TDC will work with a client to determine the client's investment objectives and investor risk profile and will design a written investment policy statement. TFO-TDC uses investment and portfolio allocation software to evaluate alternative portfolio designs. TFO-TDC evaluates the client's existing investments with respect to the client's investment policy statement. TFO-TDC works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio. TFO-TDC will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold review meetings with the client regarding the account as necessary.

TFO-TDC will typically create a portfolio which may be based on one or more model portfolios if the models match the client's investment policy. TFO-TDC will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. TFO-TDC primarily creates portfolios consisting of mutual funds, fixed income securities and exchange traded funds. TFO-TDC primarily recommends mutual funds offered by Dimensional Fund Advisors (DFA). DFA sponsored mutual funds follow a passive asset class investment philosophy with low operating expenses, low holdings turnover, and below-average capital gains distributions. DFA funds generally are available for investment only by clients of registered investment advisers, and all investments are subject to the approval of the adviser. This means that you may not be able to make additional investments in DFA funds if you terminate your agreement with TFO-TDC, except through another adviser authorized by DFA. Client portfolios may also include some individual equity securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. These situations will be specifically identified in the client's Investment Policy Statement (IPS) and may be designated as non-managed assets in certain cases.

TFO-TDC manages portfolios on a discretionary basis, and in limited cases, on a non discretionary basis, according to the investment policy selected by the client. A client may impose any reasonable restrictions on TFO-TDC's discretionary authority, including restrictions on the types of securities in which TFO-TDC may invest client's assets and on specific securities, which the client may believe to be appropriate.

In certain circumstances, including but not limited to, for fixed income portfolio management, TFO-TDC may allocate a portion of a portfolio to an independent third-party investment advisor ("independent manager") to manage a client's assets on a discretionary basis-based upon individual client circumstances and objectives, including, but not limited to, client account size, tax circumstances and type of investments.

TFO-TDC will monitor the performance of the selected independent manager(s). If TFO-TDC determines that a particular selected independent manager(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's personal investment guidelines or asset allocation, TFO-TDC will remove the client's assets from that selected independent manager(s) and place the client's assets with another independent manager(s) at TFO-TDC's discretion (for discretionary accounts). Clients may be required to execute documents to re-allocate assets amongst independent managers. For non-discretionary accounts, TFO-TDC will make recommendations to the client as necessary.

On an ongoing basis, TFO-TDC will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. TFO-TDC will periodically, and at least annually, review clients' investment policy, risk profile and to discuss the re-balancing of each client's accounts to the extent appropriate. TFO-TDC will provide to the independent manager any updated client financial information or account restrictions necessary for the manager to provide advisory services.

In addition to managing the client's investment portfolio, TFO-TDC may provide additional wealth management services to clients based on their unique circumstances and needs. Such services may include consulting with clients on various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance and risk management analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things.

#### **Family Office Services:**

In addition to investment management services described above, TFO-TDC may also provide Family Office services to select clients. These services may include some or all of the following: suggesting and maintaining an appropriate asset allocation, evaluation of overall financial situation and investment portfolio, private & alternative investment analysis, coordination among advisors designated by the client (legal, estate, tax, accounting, insurance and banking), providing administrative support to assist clients with their financial matters, coordination of cash management services, advice and reporting requested by the client. Family Office services may not be offered to all TFO-TDC clients.

#### **Retirement Plan Services:**

TFO-TDC also provides advisory services to participant-directed employee retirement benefit plans. TFO-TDC's services may include, but may not be limited to, one or more of the following: analysis of the plan's current investment platform, assisting the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed, recommending and periodically reviewing the plan's investment options, constructing model portfolios, coordinating with the plan's service providers to implement investment strategies, participant education and performance monitoring. In certain circumstances, TFO-TDC may provide discretionary services where it will select and replace the plan's investment options as necessary.

The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).



The services we provide to your Plan are described above, and in the service agreement that you have signed with our firm. Our compensation for these services is described below, at Item 5, and also in the service agreement. We may, with consent of the Plan, and in accordance with Plan documents, bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants.

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing ERISA fiduciary services, we may act as either a non-discretionary fiduciary or a discretionary fiduciary of the Plan as both are defined in Section 3(21)(A). In most cases, we may act as a discretionary "investment manager" of the Plan as defined in Section 3(38) under ERISA.

### **Consulting Services:**

Clients can also receive investment advice on a more limited basis. This may include advice on an isolated area(s) of concern such as estate planning, retirement planning, reviewing a client's existing portfolio, or any other specific topic. TFO-TDC also provides specific consultation and administrative services regarding investment and financial concerns of the client.

Additionally, TFO-TDC provides advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

### **SEI Programs (Not available to new clients)**

TFO-TDC may also manage client portfolios through the SEI Mutual Funds Models Program (the "Mutual Fund Models") sponsored by SEI Investments Management Corporation ("SIMC"). In this program, SIMC provides advisory services to TFO-TDC (but not to the client) involving the structure and design of asset allocation portfolios typically comprised solely of mutual funds advised by SIMC. SIMC also advises TFO-TDC with respect to reallocation and rebalancing of investments within such asset allocation programs. Accounts will be monitored and, when appropriate, TFO-TDC will suggest a reallocation of the portfolio based on changing economic conditions or changes in the client's individual circumstances. These suggested reallocations will be implemented without prior notice to discretionary clients. As economic or market changes occur, SIMC will make a quarterly review of its model allocations and may recommend changes in these model allocations to TFO-TDC. SIMC will automatically reallocate all client holdings in model portfolios unless instructed to do otherwise by TFO-TDC.

TFO-TDC also utilizes the SEI Managed Account Program which is a wrap fee program which charges a bundled fee that includes advisory, brokerage and custody services. SIMC sponsors and is advisor to the SEI Managed Account Program ("MAP") (the "Managed Account Program"), which is offered to Independent Advisors for investment by their end clients.

Under the Managed Account Program, SIMC enters into a tri-party investment advisory agreement ("Managed Account Agreement") with TFO-TDC and its Client which provides for the management of Client assets allocated to the Managed Account Program in accordance with the terms of the Managed Account Agreement. Pursuant to the Managed Account Agreement, the Client appoints TFO-TDC as its investment advisor to assist the Client in selecting an appropriate asset allocation strategy and selecting available sub-advisors that have been assigned to the strategy by SIMC. TFO-TDC serves as the primary Client contact, is responsible for analyzing the Client's current financial situation, return expectations, risk tolerance, time horizon, asset class preference, suitability and recommending an

appropriate Managed Account Portfolio. The Client appoints SIMC, through its manager of managers structure, to manage the assets in each Managed Account Program portfolio in accordance with the strategy selected by the Client together with TFO-TDC.

For Clients in the SEI Managed Account Program, Client's should refer to SIMC's Form ADV Part 2A, other disclosure documents and agreements for additional information about methods of analysis, investment strategies and manager selection.

## **Item 5 Fees and Compensation**

Our fees, account minimums and their applications to family circumstances are negotiable.

The specific manner in which fees are charged by TFO-TDC is established in a client's written agreement with TFO-TDC. For Investment Management and Family Office services, clients will typically be billed in advance at the beginning of each calendar quarter based upon the value of the client's account at the end of the previous quarter. Retirement plan services are typically billed in arrears at the end of the calendar quarter based upon the value of the client's account at the end of the quarter (Based on market value or in the absence thereof, fair market value which may be determined by independent third party sources; client account balances on which TFO-TDC calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements).

For Investment Management, Family Office and Retirement Plan services, TFO-TDC will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to TFO-TDC or its designated service provider to withdraw fees from the account. Clients will receive custodial statements showing the advisory fees debited from their account(s). Certain third party administrators will calculate and debit TFO-TDC's fee and remit such fee to TFO-TDC. At the request of a client, in limited circumstances, TFO-TDC may invoice clients directly for the payment of advisory fees.

For SEI programs, as authorized by the Client, SEI will debit the client's account on a quarterly basis for the below mentioned fees and charges. The charges to the account will be on an arrears basis and will be remitted quarterly net of any applicable account and performance reporting charges not charged to the customer. Upon written notification, the agreement may be terminated by either TFO-TDC or the Client. Prorated fees will be charged based on market value on the date notice is received.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account including the 30 day notice period, any prepaid, unearned fees will be promptly refunded, based on the number of days in the quarter during which you were a client.

### **Advisory Fees**

#### **Investment Management, Family Office & Retirement Plan Services:**

Typically, the annual fee for Investment Management, Family Office and Retirement Plan services will be charged as a percentage of assets under management/advisement not to exceed 1.75%. TFO-TDC will quote an exact percentage to each client based on both the nature and total dollar value of the account(s) and based on the requirements of the client and the complexity of the services provided. All fees are agreed upon prior to entering into a contract with any client.

If an independent manager is utilized for the separate account management described earlier in Item 4, that advisor will charge fees in addition to TFO-TDC's. All fees and expenses charged by independent managers are separate and distinct from those TFO-TDC charges and are withdrawn



from the client's account by the independent manager. TFO-TDC does not receive any fees or payments from independent managers. TFO-TDC will review the aggregate fee charged by both TFO-TDC and the selected independent manager(s) will be fair and reasonable and will be competitive with those fees customarily charged in the industry for similar services.

In certain circumstances for Retirement Plan services clients, TFO-TDC will bundle investment advisory fees with TPA fees into one fee for a client. TPA services will be provided by an independent Third Party Administration firm. The specific annual bundled fee will be based on the nature and complexity of each client's circumstances, and upon mutual agreement with the client.

### **Consulting Services:**

TFO-TDC will typically charge an hourly or fixed fee for Consulting Services. Fixed fees will typically range from \$5,000 - \$25,000, depending on the nature and complexity of each client's circumstances. Hourly fees will typically range from \$150 - \$450 per hour, depending on the nature and complexity of each client's circumstances, as well as the individual conducting the work.

The different types of fee arrangements may also be combined as appropriate for the different types of services requested by the client.

### **SEI**

Mutual Funds Models Program: The specific manner in which fees are charged is established in a client's written agreement and will typically be 1.00% per year of the clients assets under management.

Asset Management Program: The specific manner in which fees are charged is established in a client's written agreement and will typically be .80% per year of the clients assets under management.

### **Additional Fees and Expenses**

TFO-TDC'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 and other third parties such as fees charged by managers, custodial fees, 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. These fees will generally include a management fee and other fund expenses. All fees paid to TFO-TDC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Such charges, fees and commissions are exclusive of and in addition to TFO-TDC's fee, and TFO-TDC shall not receive any portion of these commissions, fees, and costs.

We may utilize margin for liquidity purposes or at a client's request. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of any securities purchased on margin. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on

our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

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

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

TFO-TDC 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). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 Types of Clients**

TFO-TDC provides services to a wide variety of clients including individuals (including high net worth individuals), qualified retirement plans, trusts, charitable organizations, small businesses and corporations.

Minimum Advisory Fee:

TFO-TDC generally requires a minimum annual fee of \$2,000 for Investment Management, Family Office and Retirement Plan services. This minimum fee may be negotiable under certain circumstances.

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

### *Methods of Analysis and Investment Strategy*

For Investment Management Services, TFO-TDC's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. TFO-TDC's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking.

TFO-TDC recommends portfolios consisting primarily of mutual funds, exchange traded funds and fixed income securities.

Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

Municipal bonds, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

Corporate bonds are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

TFO-TDC may utilize margin when managing client accounts. Margin entails borrowing money to purchase a security, in which case the security serves as collateral on the loan. The risk of margin is that if the value of the shares drops sufficiently, you will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." Your overall risk includes the amount of money invested plus the amount that was loaned to them.

Although all investments involve risk, TFO-TDC's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in conservative fixed income securities to represent the fixed income class. TFO-TDC's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs that TFO-TDC's strategy seeks to minimize.

Clients may hold or retain other types of assets as well, and TFO-TDC may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

TFO-TDC's strategies do not utilize securities that TFO-TDC believes would be classified as having any unusual risks, and TFO-TDC does not recommend frequent trading, which can increase brokerage and other costs and taxes.

TFO-TDC receives supporting research from consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). TFO-TDC utilizes DFA mutual funds in many client portfolios. DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to TFO-TDC. For SEI programs, SIMC's philosophy is based on active asset management, which consists of five key components: asset allocation, portfolio design, investment manager selection, portfolio construction and risk management.

For Clients in SEI Programs, Client's should refer to SIMC's Form ADV Part 2A, other disclosure documents and agreements for additional information about methods of analysis, investment strategies and manager selection.

#### *Analysis of a Client's Financial Situation*

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, TFO-TDC relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, TFO-TDC may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As

with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

#### *Risk of Loss*

#### **Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal - the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds, ETFs and separately managed accounts utilized by TFO-TDC may include funds invested in domestic and international equities, including real estate investment trusts (REITs), energy Master Limited Partnerships (MLPs) corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks.

Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest strategies used in TFO-TDC's investment approach are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, energy MLPs, real estate securities (REITS) and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds or separately managed accounts utilized by TFO-TDC may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

Client's participating in an SEI Program should refer to SIMC's disclosure documents for additional information.

## **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 TFO-TDC or the integrity of TFO-TDC's management. TFO-TDC has the following disciplinary event:

Without admitting or denying the findings, Cleves Delp consented to the entry of an AWC on November 8, 2011 that alleged violations of FINRA Rules 2110, 3010 and 3030 based on the sale by Mr. Delp and another registered representative of fixed term or whole life settlements for their insurance customers and their participation in a wholesale life insurance business entity. Mr. Delp and the other registered representative did not provide prompt notice of these insurance-related activities to their firm and, in the context of this activity, Mr. Delp did not reasonably enforce the firm's written supervisory procedures prohibiting its registered representatives from participating in life settlements unless they used certain vendors selected by the firm.

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

In addition to investment advisory services, TFO-TDC also provides the following services to clients. These services may be provided individually or in combination for additional fees as agreed upon with a client and based upon the TFO-TDC advisory services provided:

- Record keeping and reporting;
- Income tax planning assistance;
- Financial education for family members;
- Family decision-making processes;
- Philanthropic goals (private and public foundations);
- Estate planning;
- Multigenerational wealth planning;
- Coordination of outside professionals;
- Insurance analysis;
- Trustee administration services;
- Business succession planning.

### **Affiliated Insurance Agencies & Licensed Insurance Agents**

The following companies are affiliated with TFO-TDC. These entities and associated persons of our firm, in their capacity as licensed insurance agents, may recommend and sell insurance products for TFO-TDC clients. In their separate insurance capacities, these entities and these licensed individuals will receive separate, yet customary commission compensation resulting from implementing insurance product transactions on behalf of advisory clients. The implementation of any and all recommendations is solely at the discretion of the client and clients are not under any obligation to engage these individuals or entities when considering the implementation of insurance recommendations. Clients should be aware that the receipt of additional compensation itself creates a conflict of interest resulting from recommending insurance products for the purposes of generating commissions rather than solely based on your needs which may affect the judgment of these individuals and entities when making recommendations. As part of TFO-TDC's fiduciary duty, these individuals and affiliated entities endeavor at all times to act in the best interests of clients and recommend insurance products only when suitable for the client. TFO-TDC does not share revenue with any of the listed Affiliated Insurance Agencies.

#### TDC Companies, Inc.

TDC Companies, Inc. is under common control with TFO-TDC by virtue of Mr. Cleves Delp ownership and control of TDC Companies, Inc. TDC Companies, Inc. (TDC) is a licensed insurance agency that offers and sells term and permanent life insurance products, long-term care products, disability insurance, and fixed annuity products. TDC and/or its licensed insurance agents may, from time to time, also earn incentive awards, increased bonus payments or seminars/trips treated as earned compensation for the recommendation/introduction of insurance products. TFO-TDC pays TDC Companies for certain administrative services.



#### DelRisk, Inc. / TDC Risk Management

Certain associated persons of TFO-TDC are also owners of Del Risk, Inc. operating as TDC Risk Management, a licensed property casualty and insurance agency (personal and commercial insurance to individuals and businesses)

#### Synergy Risk Management, Ltd.

Certain associated persons of TFO-TDC are also the owners Synergy Risk Management, Ltd. (Synergy Risk Management) a licensed insurance agency. Synergy Risk Management offers and sells term and permanent life insurance products, insurance needs analysis, long-term care products, disability insurance, life settlements and fixed annuity products. Synergy Risk Management and/or its licensed insurance agents may, from time to time, also earn incentive awards, increased bonus payments or seminars/trips treated as earned compensation for the recommendation/introduction of insurance products.

#### TDC Virginia Benefits and Risk Management, Inc.

Certain associated persons of TFO-TDC are also the owners of TDC Virginia Benefits and Risk Management, Inc., a licensed employee benefits health insurance and property casualty insurance agency (employee benefit alternatives and property and casualty insurance alternatives for businesses and individuals).

#### RFG Wealth Management

Certain associated persons of TFO-TDC are also the owners of RFG Wealth Management a licensed insurance agency. RFG Wealth Management offers and sells term and permanent life insurance products, insurance needs analysis, long-term care products, disability insurance and fixed annuity products.

#### MSK Insurance LLC dba Paradigm Group

Certain associated persons of TFO-TDC are also the owners of MSK Insurance LLC dba Paradigm Group a licensed insurance agency. Paradigm Group offers and sells term and permanent life insurance products, insurance needs analysis and fixed annuity products.

#### Lion Street, Inc.

Lion Street, Inc. is a privately held financial services distribution company. Certain associated persons are minority owners of and/or serve on the Board of Directors of Lion Street, Inc. Lion Street, Inc. owns a registered investment adviser, Lion Street Advisors, LLC and a broker-dealer, Lion Street Financial, LLC (collectively "Lion Street"). In some cases, our affiliated insurance agencies and associated persons of our firm who are licensed insurance agents may utilize Lion Street, Inc. for purposes of distribution in connection with selling insurance products to clients of our firm. Clients of TFO-TDC, LLC may also, coincidentally, be clients of Lion Street, however, we do not recommend that clients utilize the services of Lion Street. Clients are hereby advised that the services and fees charged by our firm are separate and distinct from those of Lion Street. No Supervised Person of TFO-TDC, LLC provides any investment advisory or other services on behalf of Lion Street and Lion Street does not share any revenues with TFO-TDC. However, certain associated persons that are minority owners of Lion Street receive compensation based on their ownership in Lion Street, Inc.

#### TDC Life, Inc.

Certain associated persons of TFO-TDC are also insurance agents and/or officers of TDC Life, Inc. a licensed insurance agency. TDC Life offers and sells term and permanent life insurance products, long-term care products, disability insurance, and fixed annuity products. TDC Life and/or its licensed

insurance agents or officers may, from time to time, also earn incentive awards, increased bonus payments or seminars/trips treated as earned compensation for the recommendation/introduction of insurance products. TDC Life does not share any revenues with TFO-TDC.

### **Affiliated Accounting Firms**

#### Miller Grossbard Advisors, LLP

Certain associated persons of TFO-TDC are also owners and Directors of the accounting firm Miller Grossbard Advisors, LLP. Miller Grossbard Advisors, LLP may recommend TFO-TDC to accounting clients in need of advisory services. TFO-TDC may recommend Miller Grossbard Advisors, LLP to TFO-TDC advisory clients in need of accounting services. Accounting services provided by Miller Grossbard Advisors, LLP are separate and distinct from the advisory services of TFO-TDC and are provided for separate and typical compensation. No TFO-TDC client is obligated to use Miller Grossbard Advisors, LLP for any accounting services as no Miller Grossbard Advisors, LLP client is obligated to use TFO-TDC for advisory services.

#### William Vaughan Company

Certain associated persons of TFO-TDC are also owners of the accounting firm William Vaughan Company ("WVC"). WVC may recommend TFO-TDC to accounting clients in need of advisory services. TFO-TDC has entered into a solicitor's agreement with WVC whereby TFO-TDC pays WVC a percentage of advisory fees charged to clients referred by WVC (see Item 14 - Client Referrals and Other Compensation). In addition, TFO-TDC may recommend WVC to TFO-TDC advisory clients in need of accounting services. The services provided by and fees charged by WVC for accounting services are separate and apart from the services provided by and fees charged by TFO-TDC for advisory services. WVC also provides professional accounting and tax related services ("services") to TFO-TDC. Given the reciprocal referral arrangements, solicitor's arrangement and services described above, both TFO-TDC and WVC have an incentive to recommend the services of each firm to their respective clients. No TFO-TDC client is obligated to use WVC for any accounting services as no WVC client is obligated to use TFO-TDC for advisory services.

### **Affiliated Law Firm**

#### Husch Blackwell, LLP

Christopher Erblich, in his individual capacity, is an attorney and partner with the law firm Husch Blackwell, LLP ("Husch"). Husch is a full-service law firm. TFO-TDC is part owned by Mr. Erblich through an irrevocable trust.

Husch may recommend TFO-TDC to law firm clients in need of advisory services, and TFO-TDC may recommend Husch to advisory clients in need of legal services. Legal services provided by Husch are separate and distinct from the advisory services of TFO-TDC, and are provided for separate compensation agreed upon by Husch and the client. There are no referral fee arrangements or other financial arrangements between TFO-TDC and Husch for these recommendations. However, in certain circumstances, TFO-TDC may utilize and engage the legal services of Husch particularly estate and retirement planning necessary for various TFO-TDC services. TFO-TDC may charge clients, and compensate Husch based on its assistance.

Except as stated above, no TFO-TDC client is obligated to use Husch for any legal services, and no Husch client is obligated to use TFO-TDC for advisory services.

### **Affiliated Investment Adviser**

#### TFO Phoenix, Inc.

Christopher Erblich, in his individual capacity, is affiliated with TFO Phoenix, Inc., an SEC registered investment adviser (SEC File No: 801-72840 / CRD#159440). Mr. Erblich serves as Chairman of TFO Phoenix, Inc. The advisory services provided by TFO-TDC, LLC are separate and distinct from the

advisory services provided by and the fees charged by TFO Phoenix, Inc. Except as stated below, no TFO Phoenix, Inc. client is obligated to use the advisory services of TFO-TDC, LLC, as no TFO-TDC, LLC advisory client is obligated to use the advisory services of TFO Phoenix, Inc. TFO-TDC, LLC, on behalf of its clients, may engage TFO-Phoenix, Inc. to advise and assist in matters regarding Family Office Services including but not limited to family governance, family education, and philanthropy; as well as facilitate and organize family meetings. TFO Phoenix, Inc. may charge TFO-TDC, LLC, for such services. TFO-TDC, LLC may provide administrative and consulting services, to TFO Phoenix, Inc., and TFO Phoenix, Inc. may provide administrative and consulting services to TFO-TDC, LLC.

TFO Phoenix, Inc. has a consulting agreement with TFO-TDC, LLC whereby TFO Phoenix, Inc. provides investment related consulting services to TFO-TDC, LLC including but not limited to participation on TFO-TDC's investment committee.

In some cases, Investment Adviser Representatives of TFO-TDC, LLC may also be Investment Adviser Representatives of TFO Phoenix, Inc. The possibility exists that TFO-TDC, LLC and TFO Phoenix, Inc. may independently yet contemporaneously purchase or sell the same securities for their respective clients. In such cases, orders which are placed first for clients with each respective firm may receive a better price than those received by clients for whom orders are placed after those which are traded first. We have addressed this potential conflict by accounting for TFO Phoenix's investment policy whereby it does not purchase or sell securities for its clients on a firm wide basis and investment decisions and recommendations are handled on a client by client basis based on individual client circumstances. In addition, investment decisions and recommendations made by TFO-TDC, LLC are separate and distinct from investment decisions and recommendations made by TFO Phoenix, Inc. Therefore, we believe better pricing received by any client of each respective firm would be dictated by market forces and not as a result of any priority placement of orders.

#### One to One, LLC

One to One, LLC, an affiliated registered investment adviser (SEC #284717) is wholly owned by TFO-TDC, LLC. One to One, LLC offers investment management services primarily through a technology platform.

TFO-TDC, LLC may recommend the advisory services of One to One, LLC to our clients and One to One, LLC may recommend the advisory services of TFO-TDC, LLC to its clients when each respective firm believes the services of the other firm are more appropriate for the client. The advisory services provided by and fees charged by TFO-TDC, LLC are separate and distinct from the advisory services provided by and the fees charged by One to One, LLC. No One to One, LLC client is obligated to use the advisory services of TFO-TDC, LLC, as no TFO-TDC, LLC advisory client is obligated to use the advisory services of One to One, LLC. Given the affiliation between One to One, LLC and TFO-TDC, LLC, each firm has a potential conflict of interest and incentive to recommend the services of the other. We believe that One to One, LLC offers quality services for competitive fees and we only recommend One to One, LLC when suitable and in the best interests of clients.

Certain employees and Investment Adviser Representatives of TFO-TDC, LLC may also be employees and Investment Adviser Representatives of One to One, LLC. The possibility exists that TFO-TDC, LLC and One to One, LLC may independently yet contemporaneously purchase or sell the same securities for their respective clients. In such cases, orders which are placed first for clients with each respective firm may receive a better price than those received by clients for whom orders are placed after those which are traded first. Investment decisions and recommendations made by TFO-TDC, LLC are separate and distinct from investment decisions and recommendations made by One to One, LLC. One to One, LLC only invests in open end mutual funds that trade at a net asset value at the end of a

trading day, so TFO-TDC, LLC believes there is less chance of any price discrepancies. Therefore, TFO-TDC, LLC believes better pricing received by any client of each respective firm would be dictated by market forces and not as a result of any priority placement of orders.

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

TFO-TDC has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. TFO-TDC's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth TFO-TDC's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with TFO-TDC may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of TFO-TDC that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients to the detriment of the client.

To supervise compliance with its Code of Ethics, TFO-TDC requires that anyone associated with this advisory practice with access to advisory recommendations provide periodic reports of personal securities transactions to the firm's Chief Compliance Officer. TFO-TDC also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

TFO-TDC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. TFO-TDC requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

TFO-TDC will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

## **Item 12 Brokerage Practices**

We do not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see *Item 15 - Custody*, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank.

We primarily recommend that you use the brokerage and custodial services of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab or any other custodian. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we may recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, while we we will not arrange transactions through other brokers for accounts maintained at Schwab, fixed income portfolio managers who have discretion over your account may still use other brokers to execute trades for your account as described below (see " *Your Brokerage and Custody Costs* ").

### **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that is executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer.

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services That Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting services that generally benefit only us.

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers



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

Schwab has agreed to pay for fees for the following services and/or cost that TFO-TDC may incur: 1) transfer of account exit fees that TFO-TDC's client accounts may incur when transferring assets to Schwab; 2) compliance consulting services; 3) Acquisition of customer relationship software (and data conversion); 4) Technology consulting, technology software, workflow software and consulting and compliance software implementation and training. Schwab also pays for all expenses related to travel to Schwab facilities for certain TFO-TDC personnel for training and education at the facilities, which may include but is not limited to, account opening, transfer and ongoing account management processes, fee processes, servicing processes and account management for various types of accounts. Additional event subsidies or expenses from Schwab may also include providing speakers and designing educational/informational seminars and conferences for TFO-TDC clients or preparing white papers on various financial topics.

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

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

We also participate in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. TFO-TDC receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

With respect to 529 plans and after-tax annuities, TFO-TDC participates in the Hartford Smart 529 Plan offered to advisors providing fee-only investment management. TFO-TDC may also recommend after-tax annuities from Monumental Life Insurance Company, a division of AEGON and Prudential, or Teachers Insurance and Annuity Association of America (TIAA-CREF).

We believe that Schwab, TD Ameritrade, and other custodians we recommend provide quality services at competitive rates. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage and custodial services provided, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services we may receive from broker-dealers/custodians, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Brokerage for Client Referrals**

TFO-TDC does not have any arrangements to compensate any broker-dealer for client referrals.

### **Directed Brokerage**

Many clients, when undertaking an advisory relationship, already have a pre-established relationship with a broker, and they will instruct TFO-TDC to execute all transactions through that broker. In the event that a client directs TFO-TDC to use a particular broker-dealer, it is understood that under those



circumstances TFO-TDC will not have authority to negotiate commissions or to obtain volume discounts, and best execution may not be achieved. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to other clients.

**Retirement Plan Services:**

TFO-TDC arranges for the execution of securities transactions for certain plans custodied with Schwab, MG Trust and DST Market Services. Other transactions are executed directly through employee plan participation.

TFO-TDC may also recommend custodial services through Fidelity, State Street Bank, First Mercantile Trust, Empower, John Hancock, Lincoln Financial Group, Paychex, ADP and TD Ameritrade. Recommendations are based on many factors including cost, services provider based on demographics of each plan.

**Consulting Services:**

TFO-TDC's consulting services does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Consulting clients will be required to select their own broker-dealers and insurance companies for the implementation of consulting recommendations. TFO-TDC may recommend any one of several brokers. TFO-TDC clients must independently evaluate these brokers before opening an account. The factors considered by TFO-TDC when making this recommendation are the broker's ability to provide professional services, TFO-TDC's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. When consistent with its fiduciary duties, TFO-TDC may recommend a representative of TDC Companies, Inc. for insurance products. Consulting clients may use any broker or dealer or insurance company of their choice.

**Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

Independent managers, in the management of TFO-TDC client portfolios, may aggregate transactions among accounts that it manages, in which case a TFO-TDC's client's orders may be aggregated with an order for another client of the independent manager who is not a TFO-TDC client. If an independent manager is utilized, that independent manager may have different brokerage practices and the client should review the disclosure documents and agreements of the utilized independent manager.

**Trading Errors**

From time-to-time we may make an error in submitting a trade order on your behalf. In these situations, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

For accounts maintained at Schwab, if a profit results from the correcting trade, the profit will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the profit does not remain in your account, Schwab donates gains of \$100

or more to charity and if a loss occurs greater than \$100, our firm will pay for the loss. Schwab may retain gains of \$100 or less, if they are not kept in your account, to offset administrative expenses. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

For accounts custodied at TD Ameritrade, as of April 1, 2014, if a profit results from correcting the trade, you will not retain the profit as all net gains (positive error accounts balances resulting from trade corrections) will be moved to a TD Ameritrade error account and subsequently donated to charity.

## **Item 13 Review of Accounts**

### **Reviews:**

#### **Investment Management Services:**

Account assets are supervised continuously and reviewed by an Investment Advisor Representative of TFO-TDC. The review process contains each of the following elements:

1. assessing client goals and objectives;
2. evaluating the employed strategy(ies);
3. monitoring the portfolio(s); and
4. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

1. a specific client request;
2. a change in client goals and objectives;
3. an imbalance in a portfolio asset allocation;
4. market/economic conditions; and
5. realizing tax losses in an account.

For fixed income portfolios, certain account review responsibilities are delegated to a third party investment manager as described above in Item 4.

Family Office clients may also receive additional reviews based on client specific factors and request.

#### **Retirement Plan Services:**

Retirement plan assets are reviewed no more than quarterly, and according to the standards and situations described above for investment management accounts.

#### **Consulting Services:**

These client accounts will be reviewed as contracted for at the inception of the advisory relationship.

#### **SEI Programs:**

Client accounts will be reviewed as described in Item 4 above for each respective SEI program. Generally, the review process will include those elements described above for Investment Management Services.

#### **Reports:**

Typically, clients will receive quarterly performance reports, prepared by TFO-TDC, that summarize the client's account and asset allocation. Clients will also receive monthly statements from their account custodian, which will outline the client's current positions and current market value.

Family Office clients may also receive additional reports depending on a client's particular service arrangement and requirements. TFO-TDC Family Office reporting may include: net worth summary (asset/liability summary), taxable income detail and cash flow analysis.

For clients in an SEI program, the client will receive quarterly statements from the SEI Private Trust Company indicating holdings. A quarterly report, indicating market value, cash flows, gains and losses, asset allocation, and performance as it relates to market indices, is also available if the investor elects to receive it. Annually, the client will receive a tax report for the account.

Consulting clients receive reports as contracted for at the inception of the advisory relationship.

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

### **Client Referrals**

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In some cases, Solicitors may also be clients of TFO-TDC. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

We have entered into contractual arrangements with certain employees, under which the employee receives compensation from our firm for the establishment of new client relationships. Employees who refer clients to our firm must comply with the requirements of the jurisdictions where they operate. Such employees may be paid a salary which is not contingent on the establishment of any specific number of new client relationships or the compensation to such employees may be equal to a % of the advisory fee collected from you for as long as you are a client with our firm, or until such time as our agreement with the employee expires. You will not be charged additional fees based on these compensation arrangements. Compensation paid to such employees may be contingent upon you entering into an advisory agreement with our firm. Therefore, our employees have a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

### **Other Compensation**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 - Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

As disclosed above, we participate in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to clients, although we receive economic benefits through our participation in the program that are typically not available to TD

Ameritrade 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 adviser 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 advisory 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 us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits we receive through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, our firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

TFO-TDC also receives software made available by one or more investment management firms, including Dimensional Fund Advisors, which it may use to assist in research and the construction of client portfolios, asset allocation strategies, and producing performance reports. Dimensional Fund Advisors may also provide TFO-TDC with other benefits, such as providing continuing education and occasional business entertainment of TFO-TDC personnel and assistance towards marketing related expenses. TFO-TDC employees also may occasionally attend conferences made available by investment management firms to enhance the employee's knowledge and allow TFO-TDC to improve its services to clients.

As disclosed above, TDC Companies, Inc. and Synergy Risk Management, Ltd. and/or their licensed insurance agents and/or insurance agents of other insurance firms, may, from time to time, earn incentive awards for the recommendation or introduction of insurance products. While these individuals endeavor at all times to put the interest of the clients first as part of TFO-TDC's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities.

In addition, certain associated persons of our firm serve as trustee on some accounts for which we provide investment advisory services. Their capacity as trustee gives them custody over such accounts. Our firm also has standing authority to make transfers from certain client account to third parties and as a result our firm is deemed to have custody over these client assets.

Accounts where our associated persons serve as trustee and accounts where we have standing authorization to make third party transfers are subject an an annual surprise examination by an independent CPA.

We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian.

You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period.

You should carefully review account statements for accuracy and you should compare any statements we provide to you with statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

TDC requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income securities, this authority will include the discretion to retain a third party money manager for fixed income accounts. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, TFO-TDC observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to TFO-TDC in writing.

TFO-TDC will not exercise authority to arrange client transactions in fixed income securities. Clients will provide this authority to a fixed income manager retained by TFO-TDC on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of the portfolio manager.

## **Item 17 Voting Client Securities**

Proxy Voting: As a matter of firm policy and practice, TFO-TDC does not accept the authority to and does not vote proxies on behalf of advisory client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from their account custodian or the issuer of securities held in clients' investment portfolios. TFO-TDC, however, may provide advice to clients regarding the clients' voting of proxies.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that TFO-TDC will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct TFO-TDC to transmit copies of class action notices to the client or a third party. Upon such direction, TFO-TDC will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about TFO-TDC's financial condition. TFO-TDC 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.