



*Objective Advice for the Affluent*

## Form ADV Part 2A

### Firm Brochure

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This brochure (“Brochure”) provides information about the qualifications and business practices of William E. Hamm and Associates, Inc., which operates under the business name of Independent Financial Partners, (hereinafter “IFP” or “firm” or “we”).

If you have any questions about the contents of this Brochure please contact us at 813-341-0960 or [IFPCompliance@ifpartners.com](mailto:IFPCompliance@ifpartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about IFP 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 IFP is 125112.

Please note that IFP’s status as a “registered investment adviser” does not imply a certain level of skill or training.

## *Item 2. Summary of Material Changes*

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On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted changes to Form ADV, Part II. All fifty states have also adopted the new format, with some additional state-specific disclosures mandated. The new Part 2, also known as the "Brochure" has 18 separate items that our firm must address (19 for state-registered advisers), each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current (updated) Form ADV (Part 2) will be available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you with either: (i) a copy of our Form ADV (Part 2) that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV (Part 2). We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

**Item 3.**      **Table of Contents**

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IFP is a fee-only SEC-registered investment adviser (SEC File Number 801-69511). Our principal place of business is located in Tampa, Florida. In business since 1995, IFP is wholly owned by William E. Hamm, CEO. Our business model is based on a large decentralized network of Investment Adviser Representatives (“IARs”) with offices located throughout the United States. Although all of the IARs are registered with and subject to oversight and supervision by IFP, most of the offices operate independently under a separate business name, allowing IARs significant flexibility in providing tailored individualized investment advice to the firm’s clients. IFP home office in Tampa assists the firm’s IARs with investment modeling, marketing, back-office functions and compliance responsibilities.

As of December 31, 2013, our assets under management and advisement are as follows:

Discretionary Managed Assets .....	\$4.1 billion
Non-Discretionary Managed Assets.....	\$1.1 billion
Assets under Advisement (not managed) .....	\$30.4 billion

Through our IAR network, the firm provides investment services to address a broad range of investor needs. These services fall into several general categories:

#### Portfolio Management Services

Through our IARs, the firm manages individually tailored investment portfolios for clients. We provide continuous advice regarding the investment of client funds based on the individual needs of the client. Although our Tampa-based Investment Committee (“IC”) conducts ongoing investment research and issues regular model updates and investment guidance, our IARs are at liberty to construct their own client individualized client portfolios and may deviate significantly from IC investment models. Through personal discussions in which goals and objectives based on a client's particular circumstances are established by its selected IAR(s), a client's personal investment policy or individual investment plan is developed and a portfolio based on that policy or plan is created and managed. During the data-gathering process, the IAR will typically determine the client’s individual objectives, time horizons, risk tolerance, net worth, net income, age, tax situation, liquidity needs, and other suitability factors, as necessary.

We manage advisory accounts on a discretionary or non-discretionary basis, as agreed with each client. For discretionary accounts, we will implement transactions without seeking prior client consent. However, subject to our approval, clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. For non-discretionary accounts, we will seek prior client consent for every contemplated transaction. Therefore, clients with non-discretionary accounts should understand that any delay in obtaining consent may result in less favorable transaction terms, including higher security price and/or higher commissions and/or

limited availability of the securities sought. In some cases, a delay in obtaining approval can result in “missing the market” entirely, in which case the proposed transaction will not be implemented at all.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will primarily include advice regarding no-load or load-waived mutual funds and exchange-traded funds (“ETFs”). Those of our IARs who are also registered as representatives of a broker-dealer may be limited in the types of instruments they can recommend to clients. These limitations may be dictated by their licensure and/or broker-dealer’s internal rules and policies. On a limited and as-needed or as-requested basis, client portfolio holdings may also include exchange-listed and over-the-counter securities, corporate debt securities, Master Limited Partnerships (“MLPs”), United States governmental securities, certificates of deposit, warrants, commercial paper, and municipal securities.

On rare occasions, our IARs may recommend to clients investment in private placement offerings and/or limited investment partnerships, such as, hedge funds and other pooled investment partnerships. Additional information about the fees related to such investments is included in the offering documents provided to prospective investors. Because these types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client’s stated investment objectives, tolerance for risk, liquidity and suitability.

#### *Use of Third-Party Managers*

We may also, when appropriate recommend direct investment with independent third-party managers, typically when those managers demonstrate knowledge and expertise in a particular investment strategy.

As part of this service, we perform management searches of various registered investment advisers. Based on a client’s individual circumstances and needs (as described in each client’s Investment Policy Statement (“IPS”)) we will determine which selected registered investment adviser’s portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the input of each client and the investment philosophy of the selected registered investment adviser. We encourage clients to review each third-party manager’s disclosure document regarding the particular characteristics of any program and managers selected by us. We will regularly and periodically monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(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 IPS or desired performance, we will remove the client’s assets from that selected registered investment adviser(s) and place the client’s assets with another registered investment adviser(s) at our discretion and without prior consent from the client. It is our aim to conduct appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, Code of Ethics, and other operational and compliance matters deemed important to account performance and risk management.

Although our firm is not a sponsor or a portfolio manager in any “wrap fee” program, we may select clients to participate in some programs that offer a “wrap fee” option. Clients should be aware that a part of the “wrap fee” they pay to a third-party manager may, in turn, be paid to our firm for its introduction and ongoing manager supervision activity. Please refer to additional important disclosures regarding “wrap fee” programs in Item 5 of this brochure.

### Financial Planning/Consulting Services

Financial planning is a comprehensive evaluation of a client’s current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan may address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals;
- Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years. We may illustrate the impact of various investments on a client's current income tax and future tax liability;
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis;
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals;
- Investments: Analysis of investment alternatives and their potential effect on a client's portfolio;
- Estate: Analysis of financial issues with respect to living trusts, wills, estate tax, powers of attorney, asset protection plans, nursing homes, Medicare and/or Medicaid and elder law; and
- Insurance: Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

Our IARs gather required client information through a combination of in-depth personal interviews and telephone and electronic communications. Information gathered includes a client's current financial status, tax status, future goals, return objectives and attitudes towards risk. IARs carefully review supporting documents supplied by the client. Financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature. The implementation of any specific financial plan recommendations is entirely at the client's discretion.

Typically, the financial plan will be presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided to IFP by the client.

Clients can also receive investment advice on a more limited basis. This may include advice on isolated area(s) of concern such as estate planning, retirement planning, insurance issues, annuity advice, or any other specific topic.

#### Pension/Retirement Plan Consulting Services

We provide several pension/retirement consulting services separately or in combination. Clients may choose to use any or all of these services.

#### *Investment Policy Statement (“IPS”) Development or Review*

Our IARs will meet with the client in person and/or over the telephone to determine or review the client’s investment needs and goals. For clients without an existing IPS, we will prepare a written IPS stating their needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for the selection of investment vehicles and the procedures and timing interval for monitoring investment performance.

#### *Selection of Investment Vehicles and Independent Money Managers*

We review various investments, consisting primarily of mutual funds, service providers and strategies to determine which ones are appropriate to implement the client’s IPS.

Based on a client’s individual circumstances and needs, we determine which independent manager’s portfolio may be appropriate for that client. Factors we consider in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the independent adviser. If we believe that a selected independent adviser is not performing adequately or if we believe that a different manager is more suitable for a client’s particular needs, then we may suggest that a client contract with a different adviser. While we may assist the client in selecting a new adviser, retaining a particular new adviser is solely at the discretion of the client.

#### *Monitoring of Investment Procedures and Performance*

We will monitor client investments periodically based on the procedures and timing intervals delineated in the IPS. Although we will not be involved in any way in the purchase or sale of these investments, we will monitor the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate. The frequency of reviews will be determined by the client’s needs and the IPS.

### *Employee and/or Plan Participant Communications:*

For pension, retirement, profit sharing and 401(k) plan clients in self-directed plans, we will provide periodic educational support and investment workshops designed for the plan participants. Topics to be discussed will be determined in conjunction with the plan sponsor and in accordance with guidelines established in ERISA Section 404(c). The educational support and investment workshops will not provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

### *ERISA 3(38) Plan Services*

In some specific Plan Agreements, and where the Plan Sponsor elects to offer Plan participants the option of using LPL's Employee Advice Solution or, if hiring IFP to be the investment manager for the Plan, we will enter into a separate agreement with the participant or the Plan Sponsor as appropriate, describing our services and fees for those services. We also ask that the participant and/or Plan Sponsor provide information that will help us understand their investment objectives. In providing these services, we are deemed to be a fiduciary and an investment manager as defined in ERISA Section 3(38).

### TIAA-CREF Advisor Network Program

For accounts held through the TIAA-CREF Advisor Network Program, Independent Financial Partners may provide investment advisory services to participants in retirement plans offered through TIAA-CREF. In order to participate in the Program, the RIA firm and any participating, approved Investment Advisor Representatives must meet minimum due diligence standards set by the Program and must agree to limit their fees to 1.25% (or lower depending on the plan) on assets maintained on the TIAA-CREF Advisor Network Program retirement platform.



## Item 5. Fees and Compensation

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### Portfolio Management Fees

For these accounts, we charge an annual fee based on a percentage of assets under our management, in accordance with the following schedule:

Account(s) Value Tier	Annual Percentage
\$0 to \$250,000	2.50%
\$250,000 to \$500,000	1.50%
\$500,001 to \$1,000,000	1.00 %
\$1,000,001– \$3,000,000	0.750%
\$3,000,001 – \$5,000,000	0.50%
\$5,000,001 – and up	0.25%
<b>This schedule is used as a guideline only; all fees and account value tiers are subject to negotiation at the sole discretion of IFP.</b>	

Depending on the particular contractual arrangement with each client, we will either invoice clients or directly debit their custodial accounts for portfolio management fees.

Depending on the particular contractual arrangement with each client, portfolio management fees are billed in advance, at the beginning of each calendar quarter, based upon the billable balance on the last day of the previous calendar quarter, pro-rated for additions and withdrawals, or in arrears, at the end of each calendar quarter, based upon the billable balance on the last day of that calendar quarter, pro-rated for additions and withdrawals.

Specific fee arrangements and calculation methods are set forth in the client’s advisory agreement with IFP.

### Financial Planning/Consulting Fees

We charge clients either fixed fees, ranging from \$500 to \$7,500 per plan/project, or hourly fees of \$300 per hour. An estimate of the total time/cost will be determined at the start of the advisory relationship. Typically, financial planning fees will be due upon the client’s acceptance of the plan. However, other fee payment arrangements may be negotiated. For example, particularly complex plans may require prepayment of a portion of the estimated fee for services. For lengthy engagements, interim payments may be requested. For hourly consulting services in which a plan is not presented to the client, the fee will typically be payable upon completion of the consultation.

### Pension/Retirement Plan Consulting Fees

Our fees for Pension/Retirement Plan Consulting Services are typically based upon a combination of a fixed fee and a percentage of plan assets under advisement, in accordance with the following fee schedule:

Plan Size	Price Schedule
\$0 to \$5,000,000	\$5,000 + 30 basis points
\$5,000,001 – \$10,000,000	\$10,000 + 20 basis points
\$10,000,001 – \$20,000,000	\$15,000 + 15 basis points
\$20,000,001 – \$40,000,000	\$20,000 + 12.5 basis points
\$40,000,001 – \$100,000,000	\$30,000 + 10 basis points
\$100,000,001 – \$200,000,000	\$60,000 + 7 basis points
\$200,000,001 – \$500,000,000	\$100,000 + 5 basis points
\$500,000,001 – and up	Customized Pricing
<b>This schedule is used as a guideline only; all fees are subject to negotiation at the sole discretion of IFP.</b>	

Based on the specific contractual arrangement with each client, our fees for Pension/Retirement Plan Consulting services can involve (1) an annual asset-based fee, (2) an annual flat/fixed fee, or (3) a combination of both.

Pension/Retirement Plan Consulting fees may be charged in advance or in arrears, using the same methods described for the assessment of portfolio management fees.

### Fees in General

Fees and account minimums for all services are negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, competitive considerations, etc.). Discounts not generally available to our advisory clients may be offered to family members of IFP employees.

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee.

Certain legacy client agreements may be governed by fee schedules different from those listed above.

At IFP's sole discretion, clients selecting multiple services may have some fees reduced and/or waived.

## Account Termination

Termination and refund terms and conditions are outlined in each client's advisory agreement with IFP.

Third-party managers and program sponsor(s) selected by us for clients have their own policies for account terminations and refunds. Our firm typically has no control over any contractual provisions imposed by third parties.

## Mutual Fund and ETF Fees and Expenses

All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund or an ETF directly, without the services of our firm. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which mutual fund or funds or ETFs are most appropriate for each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and ETFs and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

## Management, Brokerage and Custodial Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, and custodial fees incurred as part of their account management, unless they have selected the "wrap fee" options of certain third-party advisory programs. Any client invested with a third-party manager is also responsible for all advisory fees charged by that manager. These third-party manager fees are charged in addition to IFP advisory fees, unless it is specifically stated that the IFP advisory fee is paid by the third-party manager or is included in the overall "wrap fee" charged to the client.

## Information Regarding "Wrap Fee" Programs

As mentioned in Item 4 of this Brochure, some of the third-party advisory programs we recommend to or select for clients are considered "wrap programs," in which the fee paid to the program sponsor includes the program sponsor's investment management fee, the advisory fees of independent managers selected within the programs, the execution of the client's portfolio transactions without commission charge, and/or custodial services for the client's assets. Sometimes, the wrap fee may also include our advisory fee. The disclosure brochure for each program will disclose if it is a wrap fee program.

In evaluating wrap fee programs, a client should recognize that transactions are usually effected “net,” i.e., without commissions. A portion of the wrap fee is generally considered as being in lieu of commissions. Trades are generally expected to be executed only with the broker-dealer with which the client has entered into the wrap fee arrangement, so that the investment managers in the program may not be free to seek best price and execution by placing transactions with other broker-dealers. No assurance can be given that the broker-dealers will be able to obtain best execution with respect to transactions effected for such programs.

Accordingly, the client may wish to satisfy itself that the broker-dealer offering the “wrap fee” arrangement can provide adequate price and execution of most or all transactions. The client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

#### Additional Compensation Received by Us

Certain of our IARs are also registered securities representatives and/or investment adviser representatives with LPL Financial (“LPL”), a full-service securities broker-dealer and investment adviser, member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”). Some of our IARs may also be appointed as insurance brokers with various insurance companies unaffiliated with IFP. In these capacities, these individuals may recommend securities, insurance or other products and receive additional compensation if products are purchased through LPL or insurance companies with which these individuals are appointed. Thus, a potential conflict of interest exists between the interests of these individuals and those of the advisory clients, possibly creating an incentive for them to recommend investment and/or insurance products based on the compensation received, rather than on a client’s needs. These individuals do not limit their recommendations to products or services offered by LPL and ensure that all recommendations are appropriate for a client’s specific needs. Clients have the option to purchase investment and insurance products recommended through other broker-dealers and insurance companies not affiliated with our firm. Please refer to Item 10 of this Brochure for a more detailed explanation of how our firm handles and mitigates these conflicts of interest.

It is LPL’s policy that IFP IARs registered with LPL as registered representatives cannot earn commissions on securities purchased for IFP client advisory accounts. However, any 12b-1 marketing and distribution fees paid by mutual funds may inure to the benefit of these individuals.

While IFP is completely independent and is not related to LPL by virtue of ownership or control, it participates in LPL’s “hybrid” program, which provides IFP with certain benefits and resources, including access to its custodial platform, compliance assistance, training, administrative and back-office support, as well as access to LPL investment programs and third-party managers.

Our firm and/or IARs may also receive compensation in the form of referral fees for recommending or selecting certain third-party managers to/for our advisory clients. Please refer to Item 14 of this Brochure for a detailed description of conflicts of interests that are inherent in such referral arrangements.

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

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We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

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**Item 7. Types of Clients**

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Our firm generally provides advisory services to individuals and pension, retirement and profit sharing plans.

Our minimum account opening requirements are as follows:

Client Type	Requirements or Other Conditions for Opening or Maintaining Accounts	
Individuals	Minimum opening asset value	\$50,000
	Minimum ongoing asset value	\$50,000
	Minimum annual fee:	\$500
Pension plans / retirement benefit plans / profit sharing plans	Minimum opening asset value	\$1,000,000
	Minimum ongoing asset value	\$1,000,000
	Minimum annual fee:	\$5,000

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

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Since IFP has a highly decentralized IAR model that is targeted to each IAR's investment style, philosophy and strategy, as well as each client's specific goals and investment objectives, methods of analysis employed and investment strategies used may vary significantly from one office to another.

As an illustrative generalization, our IARs employ the following types of analysis to formulate client recommendations:

**Fundamental Analysis:** Fundamental analysis of a business involves analyzing its income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. The fundamental analysis school of thought maintains that markets may

misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mispriced security and then waiting for the market to recognize its "mistake" and re-price the security. Our IARs monitor the macroeconomic environment looking for undervalued asset classes and industries.

However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Asset Allocation: Alternatively, rather than focusing primarily on securities selection, our IARs may attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis: Our IARs look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest successfully over a period of time and in different economic conditions. The IARs also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund in the client's portfolio. The IARs also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as with all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

Third-Party Manager Analysis: Our IARs examine the experience, expertise, investment philosophies, and past performance of independent third-party managers in an attempt to determine if a manager has demonstrated an ability to invest over a period of time and in different economic conditions. They monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of their due-diligence process, the IARs may survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she

may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, provide accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

IFP customizes its model portfolios based on the risk profile and time horizon of a given model. IFP outlines five risk based strategies: conservative, moderately conservative, moderate, moderately aggressive and aggressive. These models and their updates are provided to all IFP IARs on an ongoing basis. However, as stated in Item 4 of this Brochure, the IARs are free to deviate from the models provided to them.

Most IFP client portfolios are designed based on the principles of modern portfolio theory. The focus of modern portfolio theory is to maximize portfolio expected return for a given amount of portfolio risk. IFP IARs manage risk by allocating portions of client portfolios to asset classes that have historically demonstrated low levels of correlation with one another. Historically, portfolios assembled with securities with low levels of correlation are expected to have lower standard deviations. The following investment strategies may be employed during the implementation of recommendations based on modern portfolio theory:

Long-term purchases: IARs mostly purchase securities with the idea of holding them in the clients account for a year or longer. They may do this because they believe the securities to be currently undervalued. They may do this because they want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our expectations prove incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: At times, IARs may also purchase securities for clients with the expectation of selling them within a relatively short time (typically a year or less). They may do this in an attempt to take advantage of conditions that they believe will soon result in a price swing in the securities they purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent



trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading: On very rare occasions, IARs may purchase securities with the idea of selling them very quickly (typically within 30 days or less). They may do this in an attempt to take advantage of our belief that the security will experience brief price swings.

A risk in a short-term purchase is the potential for sudden losses if the anticipated price swing does not materialize. Moreover, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as the less favorable tax treatment of short-term capital gains.

Margin transactions: On occasion, IARs may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows us to purchase more stock than we would be able to with your available cash, and allows us to purchase stock without selling other holdings. It may also be used to meet client liquidity needs.

A risk of margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker-dealer falls below a certain level, the broker-dealer will issue a “margin call”, and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Option writing: On very rare occasions, IARs may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

A call gives us the right to buy an asset at a certain price within a specific period of time. IARs may buy a call if they believe that the stock will increase substantially before the option expires.

A put gives us the holder the right to sell an asset at a certain price within a specific period of time. IARs will buy a put if believe that the price of the stock will fall before the option expires.

IARs may use options to speculate on the possibility of a sharp price swing. They may also use options to “hedge” a purchase of the underlying security; in other words, they will use an option purchase to limit the potential downside of a security they have purchased for your portfolio.



IARs may use “covered calls”, in which they sell an option on a security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

IARs may use a “spread strategy”, in which they purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of spread strategies is that the ability to fully profit from a price swing is limited.

***Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.***

#### **Item 9. Disciplinary Information**

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Neither our firm nor any of our management persons have been subject to any material legal or disciplinary events.

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

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As is disclosed in Item 5 of this Brochure, certain of our IARs are registered securities representatives with LPL and appointed insurance agents with various insurance companies unrelated to IFP. Please refer to Item 5 for an explanation of these relationships and important conflict of interest disclosures.

Clients should be aware that the receipt of additional compensation by our firm, its management persons or employees creates a conflict of interest that has the potential to impair the objectivity of our firm and these individuals when making advisory recommendations. We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address this conflict:

1. We disclose to clients the existence of material conflicts of interest, including the potential for our firm and its employees to earn compensation from advisory clients in addition to our advisory fees;

2. We disclose to clients that they are not obligated to purchase recommended investment products through our IARs;
3. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
4. Our management and/or LPL conduct regular reviews of client accounts to verify that all recommendations made to a client are suitable to the client's needs and circumstances as stated in the IPS;
5. As described in Item 5 of this Brochure, it is LPL's policy that IFP IARs registered with LPL cannot earn commissions on securities purchased for IFP client advisory accounts, thereby significantly mitigating any conflicts of interest resulting from ability to "double dip."
6. We require that our supervised persons seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
7. We periodically monitor these outside business activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
8. We educate our supervised persons regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

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We have adopted a Code of Ethics (the "Code of Ethics") which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. The Code of Ethics includes policies and procedures governing personal trading by our access persons. The Code of Ethics provides for oversight, enforcement and recordkeeping. A copy of the Code of Ethics is available to our advisory clients and prospective clients upon request to the Chief Compliance Officer, at our principal office address.

As is disclosed in Item 5 of this Brochure, certain of our IARs are registered securities representatives with LPL and appointed insurance agents with various insurance companies. Please refer to Item 5 and Item 10 of this Brochure for a detailed explanation of these relationships and important conflict of interest disclosures.

Our firm or individuals associated with our firm may buy or sell for their personal accounts securities identical to those recommended to or purchased for customers. In addition, any related person(s) may have an existing interest or position in a certain security (ies) which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No supervised person of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment or association unless the information is also available to the investing public on reasonable inquiry. No supervised person of our firm may prefer his or her own interest to that of the advisory client;
2. It is the expressed policy of our firm that no supervised person of our firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such supervised persons from benefiting from transactions placed on behalf of advisory accounts;
3. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by our compliance department;
4. All clients are fully informed that certain IARs may receive separate compensation when effecting transactions during the implementation process.
5. We emphasize the unrestricted right of the client to decline to implement any advice rendered;
6. For financial planning, consulting, and pension/retirement benefit plan consulting clients we emphasize the unrestricted right of the client to select and choose any broker-dealer and/or insurance company he/she wishes;
7. All of our supervised persons must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices; and
8. Any supervised person not in observance of the above may be subject to disciplinary action, including termination.

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**Item 12. Brokerage Practices**

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We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

We do not request or accept the discretionary authority to determine the broker-dealer to be used for client accounts. Clients must direct us as to the broker-dealer to be used for all client securities transactions. In directing the use of a particular broker-dealer, it should be understood that we will not have authority to negotiate commissions among various broker-dealers, and best execution may not be achieved, resulting in higher transaction costs for clients. *Not all advisers require their clients to direct brokerage.*

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we will recommend the use of one of several broker-dealers, including LPL, Charles Schwab & Company, Inc. (“Schwab”), Fidelity Brokerage Services LLC (“Fidelity”) and TD Ameritrade, Inc. (“TD Ameritrade”).

Should we decide to use another broker-dealer to execute a client trade due to better availability, liquidity, or pricing, Schwab, Fidelity, TD Ameritrade or LPL may charge an additional trade-away

fee for each such trade. Therefore, we will only use this trade-away ability in situations with compelling financial reasons.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker-dealer if we believe that this choice would hinder our firm's fiduciary duty to the client and/or its ability to service the account.

Our firm participates in the Schwab Institutional ("SI") services program sponsored by Schwab, the Fidelity Institutional Wealth Services Program ("FIWS") sponsored by Fidelity, and TD Ameritrade Institutional Program sponsored by TD Ameritrade. Although each of these programs has its unique features, generally, as a result of participating in them, our firm receives benefits that are not available to retail investors. These benefits may include a trading platform, receipt of duplicate client confirmations and bundled duplicate statements, access to a dedicated trading desk serving program participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, ability to have investment advisory fees deducted directly from a client's account, receipt of research and compliance publications and access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

As described in Item 5 of this Brochure, IFP participates in LPL's "hybrid" program, which provides IFP with certain benefits and resources, including access to LPL's custodial and trading platforms, compliance assistance, training, administrative and back-office support, financial and other personal assistance measures to help with client transitioning, business development assistance, expense sharing discounts, as well as access to LPL investment programs and third-party managers.

Participation in the programs described above may give rise to a potential conflict of interest for our firm, as the receipt of program benefits creates an incentive for us to recommend program sponsors to clients for brokerage and/or custodial services.

It is ultimately the responsibility of each client to evaluate these broker-dealers before opening an account. Nonetheless, we also review the services of broker-dealers and recommend them based on a number of factors. These factors include the professional services offered, commission rates, and the custodial platform provided to clients. While, based on our business model, we will not seek to exercise discretion to negotiate trades among various broker-dealers on behalf of clients, we will, however, periodically review and attempt to negotiate lower commission rates for our clients with them.

### Third-Party Managers and Programs

With respect to the use of third party managers, each such adviser may or may not recommend broker-dealers to clients, and/or will have their own policies, practices and procedures regarding brokerage. Our firm does not control the brokerage practices of any third-party manager or

investment program and does not recommend the services of any particular broker-dealer to clients under these circumstances. Clients should refer to the disclosure document(s) of recommended independent registered investment adviser(s) and/or investment programs for information on the brokerage recommendations, practices and policies of those entities.

Clients should be aware that participation in certain investment programs, including “wrap fee” programs may be conditional on the use of a certain broker-dealer, often the sponsor of the program. In such situations, best execution may not always be attained for program participants.

### Trade Aggregation

Typically, our IARs do not block client trades. Thus, they implement client transactions separately for each account. Due to this practice, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades. If an IAR should determine that aggregation of trades in a certain situation will be beneficial to our clients, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed from each client account on any given day. Clients should carefully review the disclosure documents of selected third-party managers and/or program sponsor(s) for detailed information about their best execution, aggregation and allocation practices.

### *Item 13. Review of Accounts*

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Model portfolios provided to IARs are monitored by the IFP Investment Committee (“IC”) on an ongoing basis and rebalanced at least twice a year. Models portfolios are reviewed in the context of the investment objectives and guidelines of each model.

The IC is currently comprised of the following individuals:

- William E. Hamm, Jr., Chief Executive Officer
- Aaron Gilman, Chief Investment Officer
- Michael C. McCord, Chief Financial Officer

Each IAR is ultimately responsible for reviewing his/her client’s investment portfolios. IARs will continuously monitor the underlying securities within client accounts as well as any selected third-party managers/programs and perform at least semi-annual formal account reviews. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder’s personal, tax or financial status. Firm-wide investment strategy shifts and significant political and macroeconomic events may also trigger reviews.

IFP’s Compliance Department, headed by John Whisenant, Chief Compliance Officer,

supervises the performance of additional periodic reviews and testing to determine if IARs are adhering to client-imposed mandates and restrictions, as well as to IFP's internal allocation guidelines. Mr. Whisenant will utilize the services of appropriately qualified internal personnel and/or outside vendor(s) to conduct such reviews, including the review services of LPL's Compliance Department.

Account statements are provided no less frequently than quarterly by the client's selected custodian. Account statements identify account positions, balances, and transaction details. Unless otherwise contracted for, IFP will not provide any additional reporting. However, upon a client's request, a quarterly account appraisal or an annual year-end statement (written or electronic) may be created for a client.

### Financial Planning/Consulting Services

We provide these clients with relevant financial analysis. We do not typically provide any periodic or on-going reviews or additional reports unless otherwise specified at the inception of the advisory relationship.

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

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Our supervised persons may receive additional compensation as described in Item 5 of this Brochure. Please refer to Item 5 and Item 10 of this Brochure for a detailed explanation of these relationships and important conflict of interest disclosures.

Moreover, under current regulatory interpretations, as a co-advisor in certain investment programs, IFP may be deemed a solicitor for various registered investment adviser(s) and program sponsor(s). Under such arrangements, an advisory fee is paid by the client and collected by the selected third-party advisers or program sponsor(s), with our portion remitted to us. Therefore, the total program fee paid to some program sponsor(s) by clients may be increased by the amount of our fee, unless our firm has no ongoing advisory responsibility after the initial referral.

These arrangements may create a conflict of interest to the extent that we have an incentive to refer clients to those third-party managers and program sponsor(s) which pay us the highest co-advisory fee. We address this conflict of interest in the following ways:

1. We clearly disclose the existence of solicitation arrangements to existing and prospective clients in our disclosure documents so that they can assess the potential conflicts of interest and make a fully informed investment decision;
2. We provide the following written disclosures to prospective clients prior to the execution of an advisory agreement with the third-party manager:
  - a. The name of the third-party investment manager;
  - b. The nature of the relationship, including any affiliation, between us and the third-party manager;

- c. A statement that we will be compensated for our solicitation services by the investment adviser; and
  - d. The terms of such compensation arrangement, including a description of the compensation paid or to be paid to us.
3. We periodically monitor the overall performance and reputation of third-party managers we recommend to ensure that our continued recommendation of such an adviser remains in the best interest of our clients; and
4. We observe all rules promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and/or similar applicable state laws and regulations.

Moreover, from time to time, we may also pay referral fees to other firms and individuals for referring advisory clients to our firm. If a client is introduced to us by either an unaffiliated or an affiliated solicitor, we may pay that solicitor an initial and/or an ongoing referral fee, constituting a percentage of the referred client's advisory fee paid to our firm.

Payment of fees for the referral of prospective clients may create a potential conflict of interest to the extent that such a referral to our firm is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, such a referral may be made even if our advisory services are not suitable to a particular client's needs or entering into an advisory relationship with us is not, overall, in the best interest of the client.

As these situations may present a conflict of interest, we have established the following restrictions in order to meet our fiduciary responsibilities:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements;
2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client;
3. If the client is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, will disclose the nature of his/her/its solicitor relationship and provide each prospective client with a copy of our Form ADV Part 2 Brochure, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from us; and
4. All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

#### **Item 15. Custody**

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Custody is defined as any legal or actual ability by our firm to access client funds or securities. Since all client funds and securities are maintained with a qualified custodian, we don't take physical possession of client assets. However, under the current SEC rules, our firm is deemed to have constructive custody of client assets because we are permitted to directly debit client custodial accounts for our advisory fees. Therefore, we urge all of our management clients to carefully



review and compare any statements received from us to those they receive from their custodian. Should you notice any discrepancies, please notify us and/or your custodian as soon as possible.

#### **Item 16.      *Investment Discretion***

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For clients granting us discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), we require that such authority be granted in writing, typically in the executed investment management agreement. With respect to the use of third-party managers, our firm does not manage these client portfolios, or this portion of these client assets, in the traditional sense. Rather, we monitor the managers. As such, the client may grant us the authority to hire and fire the selected registered investment adviser(s) directly.

Discretionary investment authority granted to us may be delegated by us to selected third-party managers without prior client consent.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing and are subject to IPF approval.

#### **Item 17.      *Voting Client Securities***

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As a matter of firm policy, we do not vote proxies on behalf of clients. Clients will receive their proxies and other solicitations directly from their custodian or transfer agent and retain sole responsibility for voting. However, our IARs may provide clients with consulting assistance regarding proxy issues if such assistance is sought.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are 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 us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

#### **Item 18.      *Financial Information***

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Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered, and therefore we have no obligation to disclose our firm financials as part of this Brochure.

Our firm has no financial condition that impairs our ability to meet our contractual obligations to you, and has never been the subject of a bankruptcy proceeding.