

# **Interactive Financial Advisors**

Drake Oakbrook Plaza  
2215 York Road, Suite 306  
Oakbrook, IL 60523

630-472-1300 phone  
630-472-1305 facsimile

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

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Interactive Financial Advisors. If you have any questions about the contents of this brochure, please contact us at (630) 472-1300 or [www.swcares.com](http://www.swcares.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Interactive Financial Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Interactive Financial Advisors is 125117.

Interactive Financial Advisors is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form 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.

Generally, Interactive Financial Advisors, Inc. will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

### Advisory Firm

Interactive Financial Advisors ("IFA") is registered as an investment adviser with United States Securities and Exchange Commission. IFA is a corporation formed under Illinois law on February 20, 2003. We are based in Oakbrook, IL. IFA has been providing investment advisory services since 2003. OrganizAmerica and Richard L. Peterbok are our principal owners.

### Description of Services and Fees

Interactive Financial Advisors is a fee-only independent financial adviser. We provide money management for the mid-market client by incorporating financial planning, investment portfolio management, risk management and other aggregated financial services. We combine industry experience and comprehensive research to provide quality advisory services to our clients. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning Services**
- **Advisory Consulting Services**
- **Selection of Other Advisers**
- **Sub-Advisory Services - FESCO Program**
- **Wrap Fee Program**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. Also, you may see the term Investment Adviser Representative ("IAR") throughout this Brochure. As used in this Brochure, our IARs are our firm's officers and all individuals providing investment advice on behalf of our firm. Some of our IARs may have relationships with other firms (please see Item 5 - Fees and Compensation)

### Portfolio Management Services

We offer portfolio management services to our clients and prospective clients through our *Invest With Trust* program. These management services are offered on a fully discretionary basis with regard to the allocation and investment management of client assets among various asset categories such as equity securities, fixed income securities and exchange traded funds.

IFA's asset allocation models range from conservative short term to aggressive long term, as well as various specific purpose models. They are developed and managed in accordance with research and analysis conducted by IFA. Once the client portfolio is constructed, IFA provides continuous supervision of the portfolio as changes in market conditions and client circumstances may require.

Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather from our initial meeting to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf.

As part of our portfolio management services, we customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. We will then allocate and manage your assets among various asset classes. These asset classes include Precious Metals, Energy, International Fixed Income, Far East, Health Care, Global Water, Municipal Securities, International Equities, Real Estate, Inflation Protected Treasuries and Dividend Securities.

Our service also includes assistance in the selection, retention, and disposition of investment positions. We offer a unique product line where asset allocation models, ranging from conservative short term to aggressive long term, are developed and managed based on our proprietary research and analysis. The *Invest With Trust* program also offers various specific purpose models; that may include, but are not limited to, Conservative Fixed, Global Fixed, and Real Estate. Once we construct an investment portfolio for you we monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and your financial circumstances.

At the inception of the relationship, we encourage you to complete our *Personal Values Plan Confidential Information Organizer* (questionnaire). We use this questionnaire to create a *Personal Values Plan Analysis* on the data we collected from you.\* This analysis is designed to help to determine, the time horizon for each client's goals, client risk tolerance, and the amount of financial commitment required for each goal e.g. a lump sum amount or ongoing savings. On completion of the analysis, we will offer to assist you in making selections between the various asset allocation products available. Individual investment portfolios are structured in accordance with pre-established asset allocation models in keeping within the context of your investment perspective and acceptable degree of risk tolerance. The fee to complete the analysis, which is separate and distinct from the portfolio management fee described below, will range between \$0 and \$5,000, depending on the scope and complexity of the client's financial circumstances.

- Clients will enter into a written PVP agreement which will govern the relationship between the firm and the client.

\*Clients may elect to retain IFA for portfolio management services, but forego the preparation of the *Personal Values Plan Analysis*. Under such circumstances, the client is required to acknowledge the waiver in writing. The signed acknowledgment will be maintained in the client master file.

Clients may elect either a Wrap fee account or a Non-Wrap fee account when choosing to invest in our *Invest With Trust* investment advisory service. Our wrap fee program, *Invest With Trust*, is conducted solely through TCA. To participate in our *Invest With Trust* wrap fee program, clients must use TCA as the custodian and it's clearing firm BNY ConvergeEX Group for trade execution.

For non-wrap accounts we use the facilities of FOLIOfn for clients choosing our *Invest With Trust* advisory program. FOLIOfn offers a trading system where client transactions are executed via a twice-daily window.

There are no material differences between managing the wrap fee accounts and the non-wrap fee accounts. The choice between the Wrap Fee program or the Non-Wrap fee program is the choice between trading and custody platforms. All accounts held with TCA are Wrap Fee accounts due to the billing structure provided through TCA. Wrap Fee accounts are traded twice a week at TCA.

Additionally, certain types of accounts, such as 403b and 457 cannot be held at Foliofn and therefore must be held at TCA. TCA will deduct the Wrap Fee directly from your account. IFA shares in the fee paid to TCA.

We also offer our *Invest with Trust* portfolio management program through the use of a fixed contingent annuity. This annuity provides assistance in providing protection from the potential of outliving your money. The fixed contingent annuity uses your eligible assets to provide a retirement-income stream for life. The assets within the annuity are then managed through our *Invest with Trust* portfolio management program.

The client will enter into a written investment advisory agreement for the "Invest with Trust" Program. This agreement will govern the relationship with the client and the firm.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

#### **Fee Schedule - Invest With Trust® Program**

- **Account Size \$0 - \$24,999\***
  - \$50.00 First Year Only Setup Fee
  - \$25.00 Annual Administration Fee
  - 125BP - 265BP of Account Value
  - \* Account size may start at \$0 when systematic contributions are elected; otherwise account minimum is \$1,000.
- **Account Size \$25,000 - \$49,999**
  - \$50.00 First Year Only Setup Fee
  - \$25.00 Annual Administration Fee
  - 120BP - 270BP of Account Value
- **Account Size \$50,000 - \$249,999**
  - \$50.00 First Year Only Setup Fee
  - 110BP - 260BP of Account Value
- **Account Size \$250,000 - \$499,999**
  - \$50.00 First Year Only Setup Fee
  - 95BP - 245BP of Account Value
- **Account Size \$500,000 - \$999,999**
  - \$50.00 First Year Only Setup Fee
  - 80BP - 230BP of Account Value
- **Account Size \$1,000,000 Plus**
  - \$50.00 First Year Only Setup Fee
  - 60BP - 210BP of Account Value

## Enhanced Core Strategy

As part of our portfolio management services, we may use a sub-adviser to manage a portion of your account on a discretionary basis. The sub-adviser will use one or more of their model portfolios to manage your account. We will regularly monitor the performance of your accounts managed by sub-adviser, and may hire and fire any sub-adviser without your prior approval. We will pay a portion of the advisory fee to the sub-adviser we use.

The Enhanced Core strategy is an enhanced asset allocation model that diversifies across major asset classes including stocks, bonds, commodities, currency and real estate using exchange traded funds (ETF's). The model is actively managed using proprietary reallocation and rebalancing technology. In addition, the strategy also uses proprietary kill-switches to exit the markets in periods of prolonged downturns, and to return to the markets when appropriate.

Our portfolio management fee for the Enhanced Core Strategy is based on a percentage of the assets we manage in the strategy and is separate from the *Invest With Trust* fee schedule. The Enhanced Core Strategy fee pertains only to assets managed within the Enhanced Core Strategy and is set forth in the following fee schedule:

### Fee Schedule - Enhanced Core Strategy

- **Account Size \$10,00 - \$24,999\***  
145BP - 265BP of Account Value  
\* Account minimum is \$10,000.
- **Account Size \$25,000 - \$49,999**  
140BP - 260BP of Account Value
- **Account Size \$50,000 - \$249,999**  
130BP - 250BP of Account Value
- **Account Size \$250,000 - \$499,999**  
115BP - 235BP of Account Value
- **Account Size \$500,000 - \$999,999**  
100BP - 225BP of Account Value
- **Account Size \$1,000,000 Plus**  
80BP - 205BP of Account Value

Our annual portfolio management fee is billed and payable monthly in advance based on the average daily value of your account during the previous month.

If the Investment Advisory Agreement is executed at any time other than the first day of a calendar month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. The billing for each monthly period will be adjusted for additional contributions or withdrawals. Our advisory fee is negotiable, depending on individual client circumstances.

During the first year, we will allocate \$50.00 of the prepaid fee as a 'set-up' fee related to establishing a new account(s); this portion of the fee is non-refundable. Further, if your account balance falls below \$50,000 you will be assessed a \$25.00 non-refundable annual administrative fee.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

You may terminate the Investment Advisory Agreement upon 30 days' written notice to our firm. Refunds are generally not applicable. We are compensated monthly in advance and you are required to give us one month's written notice to terminate the Agreement. However, in the event you have prepaid fees that we have not earned, we will return a pro rata share to you. As stated above, during the first year, \$50.00 of the prepaid fee will be allocated to start-up cost and will not be returned in the event that we are required to return a prepaid fee to you.

### **Financial Planning Services**

We offer goal oriented financial planning advice, which is primarily designed to supplement our portfolio management services, as described above. Financial planning services are offered through our *Personal Values Plan*. We offer broad-based, modular, and consultative financial planning services to our clients and prospective clients. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm and sign the PVP agreement which governs the relationship between the client and the firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through our firm, our advisory representatives, or any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

We charge a fixed fee for financial planning services, which generally ranges between \$0 - \$5,000. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives.



If you request specific consulting services and do not desire a written financial plan we offer modular financial planning or general consulting services on an hourly basis. Our rate for such services ranges between \$100 - \$175 per hour. This rate is negotiable depending on the scope and complexity of the plan, your financial situation, and your objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you in advance and request that you approve the additional fee.

We require that you pay 100% of the fee in advance for a full financial plan. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200. Hourly based financial planning/consulting based fees are calculated and payable at the completion of each session. In some cases the hourly fees may be paid weekly, monthly or periodically in arrears.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Advisory Consulting Services**

We offer Advisory Consulting services through a combination of in-house services, contracted third party vendors and referral arrangements. These services are provided through our firm and non-affiliated entities. This integrated suite of services is designed to complement our *Personal Values Plan* by providing a full range of financial services and products.

The Firm's *Personal Values Plan* process begins with a Client Cares Assessment and utilizes proprietary products and tools to analyze a client's financial and investment goals. The process defines how the impact of one financial decision or investment may affect the overall financial goals or objectives of the client. Through this proprietary method, IFA is able to evaluate, prioritize and balance financial values with a client's personal situation.

The Personal Values Process involves the following four steps:

1. **Discovery:** Interactive discussion where we listen to discover what is really important to you. Essential information will be gathered to clarify your financial objectives and what you feel would make life better for you.
2. **Analysis:** Review the analysis prepared to understand your unique situation which measures and clarifies your specific goals. This helps you determine your priorities and your appropriate financial commitment.
3. **Solutions:** Based on your situation analysis and the priorities you have identified, appropriate solutions will be presented. These solutions will provide you the best value. This will begin the implementation stage of your plan.
4. **Service:** Establish a well structured communications and service schedule of future meetings with you as appropriate, to stay on track and make any necessary future adjustments.

Through this process additional services may be suggested, such as:

- **Insurance Solutions.** Life insurance evaluations and strategies, asset and liability risk analysis, disability insurance assessments and long term care needs.
- **Education Planning.** Assistance in selecting, applying, and funding options for college education. IFA has partnered with SAGE Scholars and participates in its Tuition Rewards program.

- **Advisory Services to iShares 529 Plans.** The iShares 529 Plan is a national advisor-sold savings plan that gives parents, grandparents, and others a tax-advantaged way to save for a child's college education. The iShares 529 Plan features flexible portfolio solutions using iShares ETFs (exchange-traded funds). We will provide assistance with recommendations as to how to allocate your investments among the iShares investment choices.

### **Selection of Other Advisers**

As part of our investment advisory services, we may recommend that you use the services of a third party money manager ("MM") to manage your entire, or a portion of your, investment portfolio. The MM's we use include Lockwood Financial Services, Inc., SEI Investments Management Corporation, Verity Investments Inc and FTJ Fund Choice. Services offered through Verity Investment Inc. will provide management of the assets in a participant's 401(k), 401(a), 403(b) or other retirement plan account.

After gathering information about your financial situation and objectives, we may recommend that you engage a specific MM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the MM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the MM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The MM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire MM(s) and/or reallocate your assets to other MM(s) where we deem such action appropriate.

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the MM. The advisory fee you pay to the MM is established and payable in accordance with the disclosure brochure provided by each MM to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we have with each MM. As such, we may have an incentive to recommend one MM over another MM with whom we have less favorable compensation arrangements or other advisory programs offered by MMs with which we have no compensation arrangements.

You will be required to sign an agreement directly with the recommended MM(s). You may terminate your advisory relationship with the MM according to the terms of your agreement with the MM. You should review each MM's disclosure brochure for specific information on how you may terminate your advisory relationship with the MM and how you may receive a refund, if applicable. You should contact the MM directly for questions regarding your advisory agreement with the MM.

### **Sub-advisory Services-FESCO Program**

We offer sub-advisory services to an unaffiliated, third party investment adviser and broker/dealer, Foresters Equity Services Inc. ("FESCO"). As part of these services, we will provide certain proprietary investment services called Invest with Trust Asset Management Programs. While we are responsible for the overall management of the assets delegated to our firm, we will not communicate investment recommendations or selections directly to FESCO. Fees and payment arrangements are negotiable and will vary on a case-by-case basis.

### **Wrap Fee Program(s)**

We are a portfolio manager and sponsor of a wrap fee program, which is a type of investment program that provides clients with access to our *Invest With Trust* program for a single fee that includes administrative fees, management fees, and commissions. If you participate in our wrap fee program, you will pay a single fee, which includes our money management fees, certain transaction costs, and

custodial and administrative costs. Trust Company of America, ('TCA') the custodian of your account and a member of FDIC will deduct the fee from your account. IFA and TCA share in the program fee received from clients. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Transactions for your account will be executed by BNY ConvergeEX Group, a division of the Bank of New York. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by BNY ConvergeEX Group or other broker-dealers, and the advisory fees charged by investment advisers.

### **Advisory Services to Retirement Plans**

We offer advisory services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). 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, and the corresponding compensation are described above, and in the service agreement that you have previously signed with our firm. 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. Nonetheless, since Associated Persons of our firm are registered representative and/or licensed insurance agents, these individuals may receive 12b-1 fees, revenue sharing or other forms of indirect compensation in connection with mutual fund investments allowable under applicable authority through GWN Securities, Inc. and Foresters Equity Services Inc., (refer to Items 5, 12, and 14 for additional disclosures). If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

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 fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA.

### **Types of Investments**

Pursuant to the agreement you enter into with IFA, we will primarily offer advice on exchange traded funds (ETFs). We offer advice on equity securities, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, variable annuities and US Government securities.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

We manage wrap fee and non-wrap fee accounts on a discretionary basis. If you participate in our wrap fee program, we will provide you with a separate Wrap Fee Program Brochure explaining the program and costs associated with the program.

### **Assets Under Management**

As of December 31, 2011 we managed \$150,612,190 in client assets on a discretionary basis and \$0.00 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the "Advisory Business" section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

IARs providing investment advice on behalf of our firm may be registered representatives with GWN Securities, Inc. ("GWN") or Foresters Equity Services Inc. ("FESCO"), securities broker/dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. FESCO is also a registered investment adviser with its principal place of business in the State of California. However, not all of our IARs are also registered representatives and/or insurance agents.

In their capacity as registered representatives, the IARs who are registered representatives will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these IARs in their capacity as a registered representative is separate and in addition to our advisory fees. This practice presents a conflict of interest because IARs providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any Associated Person affiliated with our firm.

IARs providing investment advice on behalf of our firm may be licensed as independent insurance agents. These IARs will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these IARs are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any Associated Person affiliated with our firm.

Any material conflicts of interest between you and our firm, or our IARs are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, and charitable organizations.

In general, we require a minimum of \$1,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. Additionally, we charge a minimum annual administration fee of \$25.00 per client account.

For our Enhanced Core strategy we require a minimum of \$10,000 to open and maintain an advisory account. The Enhanced Core strategy cannot comprise more than 80% of a single account nor exceed 60% of a client's total portfolio assets at IFA.

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

We use a fundamental method of analysis and Modern Portfolio Theory and Monte Carlo Simulation as our core investment strategies.

Modern Portfolio Theory is a sophisticated investment decision approach that theoretically permits an investor to classify, estimate, and control both the kind and the amount of expected risk and return.

Monte Carlo Simulation is a computerized mathematical technique that accounts for risk in quantitative analysis and decision making. Monte Carlo simulation provides us with a range of possible outcomes and the probabilities that may occur for any choice of action. It shows the extreme possibilities—the outcomes of choosing aggressively and conservatively—along with all possible consequences for middle-of-the-road decisions.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Our firm uses the FIFO accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

In our *Invest with Trust* Program we primarily recommend exchange traded funds ("ETFs"). You should be advised of the following risks when investing in these types of securities:

#### **Characterization Risk**

ETFs and mutual funds don't always hold the types of stocks or bonds you may expect. For instance, some sector funds may identify the entire sector yet only represent a portion of the sector. At the same time, similar sector funds may have very different percentages of components. These characterization risks can impact overall performance.

#### **Tracking Error Risk**

ETFs and mutual funds, do not always track the index they are designed to mimic. Often two funds tracking the same index may take two different approaches to tracking the same index. One fund may use full replication, meaning the fund buys every stock in the index in exactly the right weights. Another fund may use optimization, whereby computer algorithms select a subset of the broader index to track the index as a whole. In general, funds that optimize have a greater risk of tracking error than funds that fully replicate their index.

#### **Liquidity Risk**

ETFs and mutual funds are not always easily bought and sold. Liquidity risk is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss.

#### **Spreads Risk**

ETFs are purchased and sold like stocks and, therefore, have bid and ask spreads. The average bid/ask spreads on every ETF is directly correlated to the fund's size, trading liquidity and average spread. Most ETFs have spreads of less than 10 basis points, however, thinly traded ETFs may have spreads greater than 50 basis points. The spreads risk of a thinly traded ETF and/or a volatile market may result in increased transaction costs.

## Item 9 Disciplinary Information

Interactive Financial Advisers has been registered and providing investment advisory services since 2003. Neither our firm nor any of our IARs has any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

### Registrations with Broker-Dealer

IARs of IFA may be registered representatives offering securities through GWN Securities, Inc. ("GWN") a securities broker-dealer, and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

IARs of IFA may be licensed to sell securities through Foresters Equity Services Inc. ("FESCO"), a securities broker/dealer, member FINRA and SIPC. FESCO is also a registered investment adviser with its principal place of business in the State of California.

IFA's clients are advised that they have total freedom to implement recommendations through any broker/dealer of their choosing. If the client implements recommendations made by IFA by purchasing securities or other products through GWN or FESCO the representative will receive additional compensation in the form of commissions, including 12b-1 fees for the sale of investment company products.

### Arrangements with Affiliated Entities

We are wholly owned by OrganizAmerica, a holding company. Richard L. Peterbok, President of Interactive Financial Advisers is the sole owner of OrganizAmerica. Mr. Peterbok is also the sole owner of UniFinancial Corp., a provider of marketing/recruiting services for qualified persons in financial related businesses.

### Recommendation of Other Advisers

We may recommend that you use a third party money manager ("MM") based on your needs and suitability. We will receive compensation from the MM for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party money manager. You are not obligated, contractually or otherwise, to use the services of any MM we recommend.

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

### Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our IARs. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our IARs are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Joanne M. Woiteshek at [jwoiteshek@swcares.com](mailto:jwoiteshek@swcares.com).

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor our associated persons shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We maintain relationships with several broker-dealers. While you are free to choose any broker-dealer or other service provider, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including but not limited to, research, market information, and administrative services that help our firm manage your account(s). We believe the recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of provided research, 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 the recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for using the referring broker-dealer's execution, clearing or custodial services.

### **Directed Brokerage**

We require our *Invest With Trust* clients direct us to execute transactions and custody investment assets through facilities of Trust Company of America ("TCA"), member FDIC or FOLIOfn, member FINRA and SIPC.

Our wrap fee program, *Invest With Trust*, in which we are both the portfolio manager and the sponsor, is conducted solely through TCA. To participate in our *Invest With Trust* wrap fee program, clients must use TCA as the custodian and its clearing firm BNY ConvergeX Group for trade execution. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage. Please see Appendix 1, the Wrap Fee brochure for more information regarding the IFA Wrap Fee Program.

For non-wrap accounts we use the facilities of FOLIOfn for clients choosing our *Invest With Trust* advisory program. FOLIOfn offers a trading system where client transactions are executed via a twice-daily window. We will submit client orders during these established trading windows. All orders submitted during an open window are held until the window closes. After the window closes, FOLIOfn will match client buy and sell orders. Any orders that cannot be matched will be sent to the market for execution or FOLIOfn will execute the trade using their own inventory. Clients will not pay additional fees, commissions, or transaction cost on any transactions executed in the twice-daily windows. However, for direct (real time) trades executed outside the windows, FOLIOfn will assess a transaction



charge per trade. Clients are encouraged to read FOLIOfn's Customer Agreement for more detailed information regarding the handling of accounts and trading activities. Any questions regarding FOLIOfn Customer Agreement should be directed to the Associated Person handling the client account.

IARs providing investment advice on behalf of our firm who are also registered representatives of GWN or FESCO will recommend GWN or FESCO to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from GWN or FESCO unless GWN or FESCO provides the registered representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through GWN or FESCO respectively. It may be the case that GWN or FESCO charges higher transaction costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through GWN or FESCO these individuals (in their separate capacities as registered representatives of GWN or FESCO) may earn commission-based compensation as result of placing the recommended securities transactions through GWN or FESCO. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. However, if you do not use GWN or FESCO we may not be able to accept your account. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased or sold for the *Invest With Trust* advisory accounts we manage. This practice is commonly referred to as "block trading". We will then distribute the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## **Item 13 Review of Accounts**

Richard L. Peterbok, President, and Joanne M. Woiteshek, Secretary/Treasurer of Interactive Financial Advisors will monitor your account(s) on a continuous basis and will conduct account reviews at least once annually. Our reviews ensure that the advisory services provided to you and/or the portfolio mix of your portfolio is consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- state of the economic markets
- changes in the clients' financial situation
- tax considerations
- upon your request

We do not provide you with additional or regular written reports in conjunction with account reviews. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

For our financial planning clients, we recommend, at a minimum, an annual review of your progress with the financial plan.

For our FESCO Program: The Investment Advisor Representative responsible for your account will, at least annually, review the performance and suitability of the FESCO Program(s). The Representative will review your objectives and suitability needs and determine whether you would be better suited to a different Program or other non-advisory investment. Your Representative will be responsible for communicating and documenting recommendations to you.

We will not provide you with additional or regular written reports in conjunction with account reviews. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

We will provide our Financial planning clients with updates to their financial plan, when appropriate, based on and in accordance with a review of the plan.

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

As disclosed under the "Fees and Compensation" section in this Brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with GWN Securities, Inc. ("GWN") and Foresters Equity Services Inc. ("FESCO"), securities broker-dealers, and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section of this Brochure.

### **INDEPENDENT CONTRACTOR COMPENSATION:**

We have entered into contractual arrangements with our Investment Adviser Representatives, who are independent contractors. Representatives of Interactive Financial Advisors receive compensation from our firm for the recruitment of new Investment Adviser Representatives and their establishment of a relationship with our firm. Incentive based compensation of the referring Representative ranges between 0.05% and 0.25% of the client assets of the recruited Representative. Representatives may also receive additional benefits including subsidized travel expenses and cash bonuses to be used for the reimbursement of expenses related to our Annual Conference. Such Agreements will comply with the requirements as set forth in Rule 206(4)-3 of the Investment Advisers Act of 1940, and/or applicable state statutes, to the extent they apply. Under these arrangements, the client does not pay higher fees than IFA's normal/typical advisory fees.

### **FESCO PROGRAM**

We may receive client referrals through our Agreement with Foresters Equity Services Inc ("FESCO"), a registered investment adviser and broker dealer. We will pay duly registered Investment Adviser Representatives of our firm and FESCO, who are also registered representatives of FESCO, compensation ranging from 0.05% to 0.10% of client assets (Solicitation Fee). We may also pay FESCO the Solicitation Fee on any advisory fees received by our firm from any of your family members, including a spouse, child, or any other family member who resides with you and who has hired our firm on your recommendation. If you are referred to our firm through a referral program, we will not charge you any additional fees or costs in excess of our standard fee schedule. We will not pass Solicitation Fees paid to FESCO representatives on to you.

FESCO Representatives who refer clients to our firm must comply with the requirements of the jurisdictions where they operate. FESCO Representatives 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. Please refer to additional disclosures at Advisory Services - FESCO Program of this brochure.

## Item 15 Custody

Trust Company of America or FOLIOfn Investments, Inc., the qualified custodians used in our *Invest With Trust* portfolio management services will calculate and directly debit your account(s) for the payment of our advisory fees. The ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds and/or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with Trust Company of America or FOLIOfn Investments, Inc. You will receive account statements from these 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.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us at 630-472-1300.

## Item 16 Investment Discretion

Before we can take discretionary authority over the decisions to buy or sell securities on your behalf, you must first sign our discretionary management agreement. By signing our discretionary management agreement, you are granting our firm the limited right to make certain investment decisions on your behalf.

### Discretionary

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

## Item 17 Voting Client Securities

### Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we receive any written or electronic proxy materials specific to your account(s), we will forward them directly to you by mail. The sole exception exists where you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to you to vote proxies.

## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or

- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Requirements for State Registered Investment Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Joanne M. Woiteshek at 630-472-1300 or via email at [jwoiteshek@swcares.com](mailto:jwoiteshek@swcares.com), if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, 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. If a trade error results in a profit, you will keep the profit.

# **Interactive Financial Advisors**

## **WRAP FEE PROGRAM BROCHURE**

### **FORM ADV PART 2A APPENDIX 1**

#### **Invest With Trust Wrap Fee Program**

Drake Oak Plaza  
2215 York Road, Suite 306  
Oakbrook, IL 60523

Telephone: (630) 472-1300

**November 20, 2012**

This wrap fee program brochure provides information about the qualifications and business practices of Interactive Financial Advisors. If you have any questions about the contents of this brochure, please contact us at 630-472-1300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Interactive Financial Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Interactive Financial Advisors is 125117.

## Item 2 Material Changes

Form 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.

Generally, Interactive Financial Advisors, Inc. will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Services, Fees and Compensation

Interactive Financial Advisors is an SEC-registered investment adviser based in Oakbrook, Illinois. Our firm is organized as a corporation under the laws of the State of Illinois, and was formed on February 20, 2003. We have been providing investment advisory services since 2003. Organizamerica and Richard L. Peterbok are our principal owners.

As used in this brochure, the words "we", "our" and "us" refer to Interactive Financial Advisors and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We are the sponsor and portfolio manager for the *Invest With Trust* Wrap Fee Program (hereinafter "Program") described in this brochure. We manage your wrap fee account based on model portfolios constructed with a view to achieving certain objectives and risk profiles. We offer the Program for a single fee that includes portfolio management services, custodial and the transaction/commission costs. Under this Program, we offer discretionary investment advice designed to assist Clients, including individuals, trusts, estates, and charitable organizations, pension and profit sharing plans in obtaining professional asset management for a convenient single "wrap fee." The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

### **Invest With Trust Program**

The Interactive Financial Advisor (hereinafter "IFA") *Invest With Trust* Program is a strategy where we will manage your Account according to proprietary model portfolios of Exchange Traded Funds (ETFs). The Program is offered solely on a fully discretionary basis with regard to the allocation and investment management of client assets among various asset categories such as equity securities, fixed income securities and exchange traded funds.

The Program's asset allocation models range from conservative short term to aggressive long term, as well as various specific purpose models. They are developed and managed in accordance with research and analysis conducted by IFA. Once the client portfolio is constructed, IFA provides continuous supervision of the portfolio as changes in market conditions and client circumstances may require.

### **Enhanced Core Strategy**

As part of our *Invest With Trust* program, we may use a sub-adviser to manage a portion of your account on a discretionary basis. The sub-adviser will use one or more of their model portfolios under the Enhanced Core Strategy to manage your account. We will regularly monitor the performance of your accounts managed by sub-adviser, and may hire and fire any sub-adviser without your prior approval. We will pay a portion of the advisory fee to the sub-adviser we use.

The Enhanced Core strategy is an enhanced asset allocation model that diversifies across major asset classes including stocks, bonds, commodities, currency and real estate using exchange traded funds (ETF's). The model is actively managed using proprietary reallocation and rebalancing technology. In addition, the strategy also uses proprietary kill-switches to exit the markets in periods of prolonged downturns, and to return to the markets when appropriate.



Our system for investment-selection advice to clients is designed to inform and guide clients toward investment selections offering best result prospects for their future purchasing-power needs and goals. Our Program does not allow you the ability to provide restrictions for your account as to the type of securities or the individual securities to be purchased or sold.

### **Selection of a Suitable Program and Portfolio**

During initial discussions with you, a Representative of IFA ("Representative") will assist you in understanding and completing an Account profile or questionnaire so that it accurately reflects your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. The Representative will also answer questions about our firm and the Program. You will also sign an asset management agreement, which will identify the Portfolio.

In carrying out the services provided under the Program, we apply the following fundamental principles and guidelines:

- 1. Seek best for client's future** -- Seek portfolios that offer best result probabilities for the client's particular projected lifetime needs and goals. For most individuals and families, the investment purpose should be and is lifetime needs-and-goals; and because the future is uncertain, investment prospects are most prudently assessed and compared in terms of probabilities.
- 2. Use least-uncertain investments** -- Focus on managed models that, across the range from conservative to aggressive, offer best historical bases for estimating their future return-rate probabilities. For most investments, the bases for assessing future-performance probabilities are weak. At various points along the range from conservative to aggressive, it's essential to focus on the relatively few investments with best bases for future-performance assumptions.
- 3. Inform the client** - Present these assessments and comparisons in measures for the results the client will need and can best understand -- net dollar purchasing power for their future needs and goals. This is essential to provide the client the best basis for informed selection of investments that best fit their goals and priorities, and also to help clients build informed enduring commitments to prudent choices.

We then allocate and manage your assets among various asset classes. These classes may include Precious Metals, Energy, International Fixed Income, Far East, Health Care, Global Water, Municipal Securities, International Equities, Real Estate, Inflation Protected Treasuries and Dividend Securities.

Our service also includes assistance in the selection, retention, and disposition of investment positions. We offer a unique product line where asset allocation models, ranging from conservative short term to aggressive long term, are developed and managed based on our proprietary research and analysis. The *Invest With Trust* program also offers various specific purpose models; that may include, but are not limited to, Conservative Fixed, Global Fixed, and Real Estate. Once we construct an investment portfolio for you we monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and your financial circumstances.

### **Changes in Circumstances**

We will make investment decisions for your portfolio according to your stated objectives, financial circumstances, and risk tolerance. In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. You must promptly notify our firm of any change in your financial circumstances or investment objectives that might affect the manner in which your account(s) should be managed.

## **Account Investments**

Program Account assets will be invested in exchange-traded funds ("ETFs"), or money market instruments. Your Account(s) are invested to reflect the allocation and achieve the objectives of the Portfolio, which you have selected.

ETFs are securities that aim to achieve the same return as a particular market index. ETFs differ from mutual funds because shares issued by ETFs are bought and sold by investors through a secondary market. Unlike mutual funds, retail investors generally cannot tender their shares directly to the ETF for redemption because shares of ETFs are redeemable from the fund only in very large blocks (blocks of 50,000 shares, for example). Instead, ETF shares are bought and sold on an exchange during regular market hours.

ETFs offer the ease of stock trading. ETFs can be purchased on margin, sold short, or held for the long term. We may use ETFs to achieve market exposure consistent with the index on which the ETF is based, through one security. Investment returns and principal value will fluctuate so that an ETF's shares, when sold, may be worth more or less than the original cost .

## **Discretionary Management**

In the Investment Advisory Agreement, you grant us full authority and discretion to buy, sell, retain, and exchange investments, and to exercise such other powers as we deem appropriate to manage and execute transactions for your Account, so that the investments in your Account continue to reflect the Portfolio that you selected.

We will have full discretion to adjust or change the asset classes which comprise any Portfolio, the percentage which each asset class represents of each Portfolio and the ETFs or other securities that comprise each asset class. We will also have the discretion to invest the Account's assets in cash or cash equivalents.

## **The Custodian**

Upon entering into an Investment Advisory Agreement, you will open an account with an independent qualified custodian to hold the Account assets. We currently utilize Trust Company of America, member FDIC ("TCA"), an unaffiliated and independent qualified custodian and its clearing firm BNY ConvergeX Group for trade execution.

TCA and its clearing firm will provide you with services related to custody of securities, trade execution, and trade clearance and settlement. We will not have custody of client funds or securities, except to the limited extent of having TCA act as paying agent for our firm by automatically deducting Program Fees from your Account(s).

We also offer our *Invest with Trust* portfolio management program through the use of a fixed contingent annuity. This annuity provides assistance in providing protection from the potential of outliving your money. The fixed contingent annuity uses your eligible assets to provide a retirement-income stream for life. The assets within the annuity are then managed through our *Invest with Trust* portfolio management program.

## **The Program Fee**

On an annualized basis, our fee for the Invest With Trust Program is based on the following tiered fee schedule:

## **Fee Schedule - Invest With Trust Program**

### **Account Size \$0 - \$24,999\***

\$50.00 First Year Only Setup Fee

\$25.00 Annual Administration Fee

125BP - 265BP of Account Value

\* Account size may start at \$0 when systematic contributions are elected; otherwise account minimum is \$1,000.

### **Account Size \$25,000 - \$49,999**

\$50.00 First Year Only Setup Fee

\$25.00 Annual Administration Fee

120BP - 270BP of Account Value

### **Account Size \$50,000 - \$249,999**

\$50.00 First Year Only Setup Fee

110BP - 260BP of Account Value

### **Account Size \$250,000 - \$499,999**

\$50.00 First Year Only Setup Fee

95BP - 245BP of Account Value

### **Account Size \$500,000 - \$999,999**

\$50.00 First Year Only Setup Fee

80BP - 230BP of Account Value

### **Account Size \$1,000,000 Plus**

\$50.00 First Year Only Setup Fee

60BP - 210BP of Account Value

## **Enhanced Core Strategy**

Our portfolio management fee for the Enhanced Core Strategy is based on a percentage of the assets we manage in the strategy and is separate from the *Invest With Trust* fee schedule. The Enhanced Core Strategy fee pertains only to assets managed within the Enhanced Core Strategy and is set forth in the following fee schedule:

## **Fee Schedule - Enhanced Core Strategy**

### **Account Size \$10,000 - \$24,999\***

145BP - 265BP of Account Value

\* Account minimum is \$10,000.

### **Account Size \$25,000 - \$49,999**

140BP - 260BP of Account Value

### **Account Size \$50,000 - \$249,999**

130BP - 250BP of Account Value

### **Account Size \$250,000 - \$499,999**

115BP - 235BP of Account Value

**Account Size \$500,000 - \$999,999**

100BP - 225BP of Account Value

**Account Size \$1,000,000 Plus**

80BP - 205BP of Account Value

To participate in the IFA *Invest With Trust* wrap fee program, you will pay a single "Program Fee" that includes the fee for our investment management services and the expenses related to custody of securities, brokerage and trade execution, trade clearance and settlement. Our investment advisory fee is billed and payable monthly in advance based on the average daily value of your account during the previous month.

If the investment advisory agreement (Agreement) is executed at any time other than the first day of a calendar month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

During the first year, we will allocate \$50.00 of the prepaid fee as a 'set-up' fee related to establishing a new account(s); this portion of the fee is non-refundable. Further, if your Account balance falls below \$50,000 you will be assessed a \$25.00 non-refundable annual administrative fee.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

As paying agent for our firm, TCA will deduct the Program fee directly from your Account. The advisory fee is deducted only when you have given us written authorization permitting the fees to be paid directly from your account. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. IFA and TCA share in the Program fee received from clients.

TCA will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. Additionally, you are provided with a log on and a password to your account. The log on ability allows you to view your account and account statements online at any time.

In determining whether to establish an Invest With Trust Program (hereinafter "Program") account, a client should be aware that the overall cost to the client of the Program may be higher or lower than the client might incur by purchasing separately the types of securities available in the Program. In order to compare the cost of the Program with unbundled services, the client should consider the turnover rate in IFA's investment strategies, trading activity in the account and standard advisory fees and brokerage commissions that would be charged at Trust Company of America., or at other broker-dealers and investment advisers.

Depending upon the percentage wrap-fee charged by our firm (as described more fully above), the amount of portfolio activity in your account, and the value of custodial and other services provided, the wrap-fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if we were to negotiate transaction fees and seek best price and execution of

transactions for your individual account. Inasmuch as the execution costs for transactions effected in your account will be paid by our firm, a conflict of interest arises in that we may have a disincentive to trade securities in your account.

### **Advisory Services to Retirement Plans**

We offer advisory services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). 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, and the corresponding compensation are described above, and in the service agreement that you have previously signed with our firm. 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. Nonetheless, since Associated Persons of our firm are registered representative and/or licensed insurance agents, these individuals may receive 12b-1 fees, revenue sharing or other forms of indirect compensation in connection with mutual fund investments allowable under applicable authority through GWN Securities, Inc. and Foresters Equity Services Inc. (refer to *Additional Items* at the end of this document for additional disclosures). If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

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 fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA.

### **Additional Fees and Expenses**

The Program Fee includes the costs of brokerage commissions for transactions executed through the Qualified Custodian (or a broker-dealer designated by the Qualified Custodian), and charges relating to the settlement, clearance, or custody of securities in the Account. The Program Fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the Qualified Custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The Account will be responsible for these additional fees and expenses.

You may purchase ETF's outside of the Account, without the services of our firm or the Representative, and without paying the Program Fee, but in that event, you would not receive the benefit of our services.

The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

To fully understand the total cost you will incur, you should review all the fees charged by exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

You will work with a Representative, who will be an investment adviser representative of our firm or an investment adviser representative of an unaffiliated third-party investment adviser, to identify your financial situation, investment objectives, tolerance for risk, and investment time horizon for each Account you establish in the Program. Based on information you provide, the Representative will assist you in identifying a Portfolio whose objectives and risk profile are suitable for you.

### **Termination**

The investment advisory agreement (Agreement) may be canceled at any time. Either party may terminate the Agreement by providing 30 day's written notice to the other party. Refunds are generally not applicable as IFA is compensated monthly in advance and one month's written notice is required to terminate the Agreement. However, in the event there are any prepaid unearned fees, IFA will return a pro rata share to the client. As stated above, during the first year, \$50.00 of the prepaid fee will be allocated to start-up cost and will not be considered in the event that IFA is required to return any prepaid fee to the client.

Upon termination of accounts held at Trust Company of America, Trust Company of America delivers securities and funds held in the account as instructed by client, unless client requests that the account be liquidated. After the Agreement has been terminated, transactions are processed at the prevailing brokerage rates. You are then responsible for monitoring your own assets and IFA has no further obligation to act or provide advice with respect to those assets.

### **Wrap Fee Program Disclosures**

- Wrap fee programs may not be suitable for all investment needs, and any decision to participate in a wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations.
- The benefits under a wrap fee program depend, in part, upon the size of the Account and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Programs with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Programs.
- Participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from third parties.
- IFA and its Representatives receive compensation as a result of your participation in the Programs. This compensation may be more than the amount our firm or the Representative would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and the Representatives have a financial incentive to recommend the Programs, and may recommend the Programs over other programs or services for which the compensation arrangements are not as beneficial.

Due to the single fee charged to a Program account, we may be regarded as having a conflict of interest in that we may realize a greater profit on a Program account with a relatively low rate of portfolio turnover compared to other types of accounts, assuming the same level of fees.

## Item 5 Account Requirements and Types of Clients

We require a minimum Account size of \$1,000 for the Invest With Trust Program. Additionally, we charge a minimum annual administration fee of \$25.00 per client account. At our discretion, we may waive this minimum account size.

For our Enhanced Core strategy we require a minimum of \$10,000 to open and maintain an advisory account. The Enhanced Core strategy cannot comprise more than 80% of a single account nor exceed 60% of a client's total portfolio assets at IFA.

Participation in the Program is available to: individuals, trusts, estates, and charitable organizations, pension and profit sharing plans.

## Item 6 Portfolio Manager Selection and Evaluation

We are both the sponsor and portfolio manager of the *Invest With Trust* wrap fee program. *Invest With Trust* portfolio models are managed in accordance with recommendations from the IFA Investment Committee. The Investment Committee is an internal group made up of IFA's executive officers and portfolio management team. The Investment Committee meets once a quarter to review and recommend portfolio model changes.

As part of our investment process, the Investment Committee makes forecasts of the long term returns of a range of asset classes. These forecast returns are based on our views over an investment cycle and our analysis of the economic and market environment. Additionally, the Investment committee will evaluate new opportunities that become available.

Based on the research available, the Investment Committee will recommend existing portfolio model investments be retained or replaced (for example due to management changes or consistent under-performance). On other occasions, the Investment Committee may introduce an additional investment to one or more of the model portfolio(s).

The Enhanced Core strategy is managed by a sub-advisor. The sub-advisor will use one or more of their model portfolios to manage assets in the Enhanced Core strategy. The Investment Committee will regularly monitor the performance of accounts managed by sub-adviser, and may hire and fire any sub-adviser without your prior approval.

### Advisory Business

Please see the disclosures above regarding Services, Fees and Compensation, including the Wrap Fee disclosures.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Services, Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

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

We use a fundamental method of analysis, Modern Portfolio Theory, and Monte Carlo Simulation as our core investment strategies.

Modern Portfolio Theory is a sophisticated investment decision approach that theoretically permits an investor to classify, estimate, and control both the kind and the amount of expected risk and return.

Monte Carlo Simulation is a computerized mathematical technique that accounts for risk in quantitative analysis and decision making. Monte Carlo simulation provides us with a range of possible outcomes and the probabilities that may occur for any choice of action. It shows the extreme possibilities—the outcomes of choosing aggressively and conservatively—along with all possible consequences for middle-of-the-road decisions.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Our firm uses the FIFO accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Block Trades**

We combine multiple orders for shares of the same securities purchased or sold for the *Invest With Trust* advisory accounts we manage. This practice is commonly referred to as "block trading". We will then distribute the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.



**Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

**Recommendation of Particular Types of Securities**

In our *Invest with Trust* Program we primarily recommend exchange traded funds ("ETFs"). You should be advised of the following risks when investing in these types of securities:

**Characterization Risk**

ETFs and mutual funds don't always hold the types of stocks or bonds you may expect. For instance, some sector funds may identify the entire sector yet only represent a portion of the sector. At the same time, similar sector funds may have very different percentages of components. These characterization risks can impact overall performance.

**Tracking Error Risk**

ETFs and mutual funds, do not always track the index they are designed to mimic. Often two funds tracking the same index may take two different approaches to tracking the same index. One fund may use full replication, meaning the fund buys every stock in the index in exactly the right weights. Another fund may use optimization, whereby computer algorithms select a subset of the broader index to track the index as a whole. In general, funds that optimize have a greater risk of tracking error than funds that fully replicate their index.

**Liquidity Risk**

ETFs and mutual funds are not always easily bought and sold. Liquidity risk is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss.

**Spreads Risk**

ETFs are purchased and sold like stocks and, therefore, have bid and ask spreads. The average bid/ask spreads on every ETF is directly correlated to the fund's size, trading liquidity and average spread. Most ETFs have spreads of less than 10 basis points, however, thinly traded ETFs may have spreads greater than 50 basis points. The spreads risk of a thinly traded ETF and/or a volatile market may result in increased transaction costs.

**Proxy Voting**

Without exception, we will not vote proxies on behalf of your advisory accounts. However, we may, at your request, answer questions you may have regarding the nature of a proxy and voting procedures.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

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

IFA's Invest With Trust Wrap Fee Program is managed through the use of model portfolios and the recommendations of IFA's Investment Committee (See "Portfolio Manager Selection and Evaluation" above). Therefore, client information is not communicated directly to portfolio managers but is considered within the context of the Investment Committee quarterly meetings.

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

Clients typically do not have contact with Portfolio Managers. You should contact our firm directly or your IFA Representative with any questions regarding your account.

## **Additional Information**

### **Disciplinary Information**

Neither our firm nor our principal owners have any legal or disciplinary events which are required to be disclosed in this Brochure Appendix.

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

Persons providing investment advice on behalf of our firm may be registered representatives with GWN Securities, Inc. ("GWN") a securities broker-dealer or Foresters Equity Services Inc. ("FESCO"), a securities broker/dealer. FESCO is also a registered investment adviser with its principal place of business in the State of California.

For accounts established outside of the Program, such registered representatives will receive normal and customary compensation resulting from effecting securities transactions. Comprehensive and Counsel Wealth are independent companies that do not share common ownership.

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Joanne Woiteshek, Chief Compliance Officer, at (630) 472-1300 or joanne@swcares.com.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time that we or persons associated with our firm buy or sell such securities for our own accounts. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that we shall not have priority over your account in the purchase or sale of securities.

### **Reviews of Accounts**

All Program Portfolio Models and Program Accounts are continuously monitored by our firm's investment committee who will also conduct an internal review on a quarterly basis. Accounts are reviewed regularly to ensure that they are correctly allocated according to your selected Portfolio. At least quarterly, we will notify you in writing to contact us or the Representative if there have been changes in your financial situation or investment objectives, or if you wish to impose or modify any reasonable Account restrictions for a Program Account. At least annually, you will also be contacted to discuss these issues. Richard L. Peterbok, President, and Joanne M. Woiteshek, Secretary/Treasurer of Interactive Financial Advisors, will be responsible for overseeing all reviews.

### **Reports**

The Qualified Custodian will provide you with statements, at least quarterly, reflecting the transactions, Program Fees, expenses, holdings, and balances in the Accounts.

### **Client Referrals and Other Compensation**

Associated Persons providing investment advice on behalf of our firm may be registered representatives with GWN Securities, Inc. ("GWN") or Foresters Equity Services Inc. ("FESCO"), securities broker/dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. FESCO is also a registered investment adviser with its principal place of business in the State of California. However, not all of our Associated Persons are also registered representatives and/or insurance agents.

In their capacity as registered representatives, the Associated Persons who are registered representatives will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these Associated Persons in their capacity as a registered representative is separate and in addition to our advisory fees. This practice presents a conflict of interest because Associated Persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any Associated Person affiliated with our firm.

Associated Persons providing investment advice on behalf of our firm may be licensed as independent insurance agents. These Associated Persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these Associated Persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any Associated Person affiliated with our firm.

Any material conflicts of interest between you and our firm, or our Associated Persons are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

**FESCO Program**

We may receive client referrals through our Agreement with Foresters Equity Services Inc ("FESCO"), a registered investment adviser and broker dealer. We will pay duly registered Investment Adviser Representatives of our firm and FESCO, who are also registered representatives of FESCO, compensation ranging from 0.05% to 0.10% of client assets (Solicitation Fee). We may also pay FESCO the Solicitation Fee on any advisory fees received by our firm from any of your family members, including a spouse, child, or any other family member who resides with you and who has hired our firm on your recommendation. If you are referred to our firm through a referral program, we will not charge you any additional fees or costs in excess of our standard fee schedule. We will not pass Solicitation Fees paid to FESCO representatives on to you.

FESCO Representatives who refer clients to our firm must comply with the requirements of the jurisdictions where they operate. FESCO Representatives 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**

Services provided by Trust Company of America to our firm include brokerage, custody, and access to other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. In addition, Trust Company of America, makes available software and other technologies that provide access to your account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information, quotation services, and other market data, assist with contact management, facilitate payment of fees to our firm from your account(s), assist with performance reporting, facilitate trade allocation, and assist with back-office support, record-keeping, and account reporting.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not dependent upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

**Financial Information**

We are not required to provide financial information to our clients, because we do not require the prepayment of fees in excess of \$1,200 for more than six months in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.