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Consultative Wealth Management ■ Clarity. Commitment. Confidence.



# Professional Financial Strategies, Inc.

SEC File Number: 801-107130

IARD/CRD File Number: 125580

## Firm Brochure

### Form ADV, Part 2A

Dated January 31, 2016

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**This brochure provides information about the qualifications and business practices of Professional Financial Strategies, Inc. (the "Advisor"). If you have any questions about the contents of this brochure, please contact us at (585) 218-9080 or paulhill@professionalfinancial.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. References herein to Advisor as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

**Additional information about Advisor is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



## Item 2/Material Changes

Material Changes since Update for SEC Registration

*Item 5 Fees and Compensation (A):* Fee schedules for Investment Advisory Management were reviewed to conform with Investment Management Agreements.

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## Item 4/Advisory Business

A. Professional Financial Strategies, Inc. (the “Advisor”) is a corporation formed February 1993 in the State of New York. Advisor registered as an investment adviser in March 1993. Advisor was founded and is owned by Paul Byron Hill, who serves as Advisor’s President and CCO. Advisor transitioned from New York State to SEC investment advisor registration in January 2016.

B. The Advisor offers individuals and families (including their business entities, ERISA plans, testamentary trusts, estates and charitable entities) consultative wealth management services. Wealth management integrates investment management, advanced financial planning and relationship management services. Advisory clients are primarily affluent or higher net-worth individuals (generally professionals and retirees), their immediate families and close relatives, and business entities directly owned by such individuals. Advisor does not recommend financial or insurance products for commission. Advisor is compensated only by fee for services.

“Wealth management” as practiced by Advisor is a process that coordinates personal *financial planning consulting* and *investment advisory services* limited to certain types of investments. Advisor helps clients make informed decisions about wealth for planning major concerns: investment consulting, wealth enhancement, wealth transfer, wealth protection and charitable giving.

### FINANCIAL PLANNING CONSULTING

Advisor provides personal financial planning services, acting as the client’s personal chief financial officer. *At its sole discretion* Advisor provides financial planning consulting for investment management clients and for related persons of investment management clients, at client request. Financial planning consultations generally include advice related to five personal planning areas: wealth preservation, wealth enhancement, wealth protection, wealth transfer and charitable giving. Advanced planning services address important areas of concern essential for meeting primary personal financial goals. Ongoing financial planning consulting services may be limited to specific areas of analysis, or may exclude specific services such as income tax preparation. A personalized financial plan is developed for most new clients, and consulting is provided in advanced planning during the first year of a wealth management relationship.

Five levels of *Financial Planning Consulting* provided are:

**Wealth Consulting Analysis (Premier Level):** Advisor provides advanced planning financial analysis that may be coordinated working with a network of professional specialists, such as CPAs, attorneys, and insurance specialists. Total Client Profile, Advanced Planning Profile, Goal Progress Report, and income tax services are usually standard. Planning and annually reviewing the investment policy strategy is standard. Profiles and reports are updated annually, and some analyses may be updated semi-annually or as needed. Tax preparation with limited bookkeeping may be included at the option of the

Advisor, or provided through a network CPA. Limited business employee benefit or ERISA plan consulting may be provided for self-employed clients.

**Wealth Consulting Study (Preferred Level):** Advisor provides advanced planning financial analysis in coordination with an independent network of professional specialists, such as CPAs, attorneys, and insurance specialists. Total Client Profile, Advanced Planning Profile, Goal Progress Report, and income tax services are usually standard. Planning and annually reviewing the investment policy strategy is standard. Profiles and reports are generally updated annually, but some analyses may be updated as needed. Tax preparation with limited bookkeeping may be included at the option of the Advisor, or provided through a network CPA.

**Wealth Consulting Service (Standard Level):** Advisor provides advanced planning financial analysis related to investment management. Planning and annually reviewing the investment policy strategy is standard. Goal progress reports are provided as requested and previous investment management recommendations are updated annually. Limited assistance is provided for portfolio repositioning. Specific directions may be provided for repositioning employer retirement accounts. This service is generally limited to related persons of “Premier” level and “Preferred” level investment advisory clients, and to some pre-2005 advisory clients. Working with the client’s professional specialist is an additional hourly service as negotiated.

**Wealth Consulting Report: (Hourly only):** Advisor engaged to prepare a comprehensive financial plan including a Total Client Profile, Advanced Planning Profile, Goal Progress Report, and other personal financial analyses or studies as needed for a report. Services coordinated with a professional specialist network or Client’s own advisors. Intended for Clients with extensive real estate or complex business interests, including business transition and tax planning for retirement.

**Investment Plan Consulting (Introductory Level):** Clients engage Advisor to analyze their personal goals, portfolio, risk tolerance and preferences to prepare an Investment Policy Statement. Includes a Total Client Profile, Goal Progress Report and occasionally a Social Security analysis.

**Notice about Changes:** The client is responsible to notify Advisor promptly in the event of any material change in their financial situation or objectives for purposes of reviewing, evaluating, or revising previous recommendations. Notice must be provided in writing by mail or email.

**Non-Investment Consulting Services.** Advisor provides consulting services for non-investment related planning matters, but only at client request. Services are provided to the extent a client requests and necessary information provided. Neither Advisor nor its representatives are attorneys, CPAs or actuaries, and no portion of Advisor’s services should be construed as such. Advisor may recommend specialists from a professional network for particular non-investment implementations based on a consulting engagement. The client is not obligated to engage any professional recommended by Advisor. If Client chooses to engage a recommended professional, and



a dispute arises thereafter relative to such engagement, Client agrees to seek recourse exclusively from and against that professional. The client retains absolute discretion over any decision to implement, and is free to accept or reject any Advisor recommendation or any recommendation by a professional engaged by the Client.

## INVESTMENT ADVISORY MANAGEMENT

Investment consulting is the foundation of the Advisor's wealth management and planning process. The Advisor provides *discretionary* investment advice only with respect to limited types of securities. Advisor is independent of any broker-dealer, insurance company, or banking institution. Its compensation is solely fees paid by the client. Independent broker-dealer/custodial services are offered through Charles Schwab & Co. ("Charles Schwab"). Certain annuities, insurance or 529 plans may be provided variously by TIAA-CREF, Transamerica Life, Hartford Life or others. Employee retirement accounts and directly-owned real estate may be coordinated as part of the client's investment consulting, and part of planning a comprehensive wealth management strategy.

Advisor offers various levels of discretionary investment advisory services that may be coordinated with its financial planning consulting offering. These are summarized as:

- **Investment Management—Premier Level.** Portfolio strategies structured around the Client's investment policy are arranged primarily from multi-factor dimensional vehicles held in broker-dealer/custodial accounts. Variable annuity/529 plan subaccounts and/or employer retirement plans are coordinated. Portfolios are structured primarily from institutional-class mutual funds, but may include ETFs or other securities. Company retirement plans and/or stock option and/or restricted stock plans have fund limitations, retirement plan changes are Client responsibility. Financial Planning Consulting services may be offered to clients solely at the Advisor's discretion. Advisory services for related family members may be included, but while related accounts may be managed individually, they may be treated as a single household for billing purposes. Premier level investment advisory services are subject a \$5,000 minimum quarterly fee, but final billing is based on the aggregate total portfolio of Client assets advised.
- **Investment Management—Preferred Level.** Portfolio strategies structured around the Client's investment policy are arranged primarily from multi-factor dimensional vehicles held in broker-dealer/custodial accounts. Variable annuity/529 plan subaccounts and/or employer retirement plans are coordinated. Portfolios are structured primarily from institutional-class mutual funds, but may include ETFs or other securities. Company retirement plans and/or stock option and/or restricted stock plans have fund limitations, retirement plan changes are Client responsibility. Financial Planning Consulting services may be offered entirely at Advisor's discretion. Advisory services for related family members may be included, but while managed separately, their accounts may be combined with Client accounts for

billing purposes. Preferred level investment advisory service is subject to a \$2,500 minimum quarterly fee, but total fees may be higher based on aggregate client assets managed.

- **Investment Management—Standard Level.** Portfolio strategies structured around Client's investment policy are arranged primarily from multi-factor dimensional vehicles held in broker-dealer/custodial accounts. Variable annuity/529 plan subaccounts and/or employer retirement plans may be coordinated. Portfolio reviews are offered annually at client request and only non-discretionary advisory services are provided. Portfolios are structured primarily using institutional-class mutual funds, but may include ETFs or other securities. Company retirement plans and/or stock option and/or restricted stock plans have fund limitations, and making plan account changes are Client responsibility. Advisory services may be offered once each year entirely at Advisor's discretion subject to possible additional charges. For qualifying related persons and pre-2005 clients, a minimum \$5,000 flat fee applies for a six-month period in a calendar year.
- **Independent Investment Managers.** Advisor may recommend certain client assets be apportioned among unaffiliated independent "separate account" portfolio managers. This may include life insurance arrangements with TIAA-CREF. For such assets, the *Independent Investment Manager(s)* shall have day-to-day responsibility for active discretionary management. Advisor shall render investment advisory services relative to ongoing monitoring and review of account performance, factor consistency and investment policy strategy. Advisor considerations for recommendation of any *Independent Investment Manager(s)* will depend on client's investment policy: written objective(s), methodology, tax-efficiency, reputation, research, reporting, performance and pricing. Independent Investment Manager(s), if any, will separately charge an investment advisory fee. Advisor will offset his fee based on that charged by the *Independent Investment Manager*.

### Non-Discretionary Investment Supervisory Limitations.

Some Financial Planning & Consulting Clients may engage Advisor on a non-discretionary, rather than on a discretionary investment advisory basis. Such clients **must be willing to accept** that Advisor cannot effect any account transactions without obtaining verbal or written consent prior to proposed transaction(s). Thus, in periods of high market activity where Client is *unavailable to provide verbal consent*, Advisor will be unable to effect any account transactions as it could for discretionary clients. However, structured portfolio strategies anticipate and allow for potential loss from periods of high market volatility. Clients are expected to maintain disciplined allocations during periods of high market activity. During a period of sustained broad market decline, it is implied *Client will periodically reposition equity levels back to investment policy targets*, either as a percentage or an absolute amount.





C. Advisor provides investment advisory services specific to individual client values, goals, circumstances, risk preferences and tax situation. Portfolio strategies are structured based on a client's approved investment policy. Through a detailed discovery process that begins the investment advisory relationship and then at least annually thereafter, Advisor compares each client's values, goals and circumstances with their investment strategy. Advisor generally will make coordinated adjustments among the aggregate of all client accounts. The overall repositioned portfolio should coordinate with the client's currently approved investment policy.

Clients may, at any time impose restrictions or limitations, in writing, either on investing in certain securities or types of securities or on the Advisor's services. (ERISA plans are subject to regulatory restrictions.) Such restrictions, however, must be consistent with client's overall wealth management strategy and acceptable to standard practices of the Advisor. Unacceptable restrictions may result in termination of the investment advisory relationship.

The wealth management consulting process involves: identifying important client values and goals, planning a series of informed strategies, getting a commitment to the financial plan, and then monitoring the plan and making timely adjustments to improve the likelihood of success. Advanced Planning addresses concerns related to wealth enhancement, wealth transfer, wealth protection and charitable giving. Relationship Management concerns developing and maintaining trusted relationships with the Client, with the Client's professional advisors, and with the network of professionals working with the Advisor.

The wealth management relationship develops over a systematic series of meetings:

- 1. Discovery Meeting:** The first meeting explores Client's values and goals to decide whether a mutually beneficial fit exists, and whether substantial benefits are possible. The Advisor considers Client's current circumstances, values, goals, and the potential challenges involved in realizing reliable performance outcomes when planning goals.
- 2. Investment Planning Meeting:** Using information collected during the meeting and afterward (such as, risk tolerance questionnaires and perhaps an interim feasibility meeting), Advisor presents an investment planning strategy based on his diagnosis of the gap in where the client is compared to where they want to be. Advisor explains their investment strategy, and makes necessary adjustments based on Client input.

**3. Mutual Commitment Meeting:** Client and Advisor here commit to work together. Detailed questions and specific issues regarding how the investment plan will be implemented are addressed, and more modifications are made. Agreements are signed, and Client completes custodial account and transfer paperwork. Initial portfolio recommendations are discussed, to be approved by Client before implementation.

**4. Organizational Meeting:** Account paperwork generated from account opening and transfers is organized. Unresolved planning and transfer issues are addressed. Additional accounts and more transfers may be needed. A web platform is completed.

**5. Regular Progress Meetings:** By the first regular progress meeting, Advisor has met with his professional network to develop an advanced plan beyond just the investments. At subsequent progress meetings, either quarterly or semi-annually, Advisor reports on the progress Client is making toward achieving their financial goals, and looks at progress made in Advanced Planning. Changes in Client personal, professional or financial life are identified, and the wealth management plan is adjusted as necessary.

**6. Annual Review Meeting:** The essential yearly progress meeting is the annual review. The Client's Total Personal Profile, Goal Progress Report and the investment policy are reviewed and updated. Another important quarterly meeting, at client request, may review progress in Advanced Planning, or another earlier in the year reviews taxes preparation and tax planning for the current and coming year.

**Client Obligations.** In any consulting engagement Advisor shall not be required to verify any information received from client or from Client's other professionals. Advisor is expressly authorized to rely thereon. Moreover, each client is fully responsible for promptly notifying Advisor if there is ever any change in personal or financial goals or circumstances for purposes of reviewing, evaluating or revising Advisor's previous investment recommendations and/or services.

D. Advisor does not participate in a wrap fee program.

E. As of December 31, 2015, Advisor had approximately \$130,684,000 in assets under advisement with 91 non-discretionary investment advisory clients, and \$0 in discretionary assets. Effective January 1, 2016, 91 advisory clients transferred \$119,510,000 to discretionary assets under management with continuous supervision. Another

## WEALTH MANAGEMENT CONSULTING PROCESS





non-discretionary \$11,174,000 of assets under advisement with non-continuous management relate to employer defined contribution plans, 529 accounts and variable annuities or variable life insurance.

## Item 5/Fees and Compensation

A. Advisor's fee for wealth management may provide not only investment management services, but also limited financial planning consulting services. Financial planning consulting in addition to investment management is available *only* for clients requesting such services each year *and* at the Advisor's sole discretion. Additional fees for be charged for such services as specified in a separate *Financial Planning & Consulting Agreement*. While the agreement for investment management services automatically renews, the agreement for financial planning consulting covers only a calendar year.

Advisor's fee may be fixed or variable, depending on the services provided and assets under management. For clients that require or demand planning or consulting services substantially greater than the standard schedules allow, *in the Advisor's sole opinion*, Advisor may either charge a supplement fee, either fixed in the agreement or at an hourly rate described below. Alternatively, the may be referred to a professional network specialist, such as accountant or lawyer or actuary, and the Client would be fully responsible for the fees of the independent professional specialist.

Wealth management relationships begin with financial planning leading to a formal investment planning strategy before engaging the Advisor in a *Investment Management Agreement* (IMA). Some client relationships begin with a *Financial Planning & Consulting Agreement* (FPC). The FPC fee paid is fully creditable toward the first two quarters of an IMA agreement within 90 days of the dating of a Financial Planning Consulting Agreement. After the end of the first calendar year, an FPC may be offered in coordination with an *Investment Management Agreement* as described below.

### FINANCIAL PLANNING CONSULTING

Advisor provides Financial Planning Consulting (FPC) services based on the fee schedule below. Fees for financial planning services beyond usual areas of advances or clients with a history of extensive Advisor contacts beyond once a month (simple service requests excepted) would be negotiable, and conditions of continued service specified writing. Professional network specialists will have their own fee schedules, and are paid separately for services by the Client.

#### *Wealth Consulting Analysis/Service (Premier, Preferred, Standard Levels):*

**Fees:** Advisor's usual FPC fee for non-investment advisory planning services depends on client's combined income and net worth (excluding primary and secondary personal residences, but including company retirement or savings plans and commercial real estate) as follows:

The Advisor generally charges a minimum \$5,000 annually for FPC services. IMA clients, beginning the second calendar year,

### FINANCIAL PLANNING & CONSULTING SCHEDULE

Single Person	If Income and Net Asset Base	Each Year
Standard Service	First \$500,000	\$5,000
Preferred Level	Next \$2,000,000	\$10,000
Premier Level	Next \$2,000,000	\$15,000
Report Consulting	Over \$5,000,000	\$20,000+

Married Couple	If Income and Net Asset Base	Each Year
Standard Service	First \$500,000	\$5,000
Preferred Level	Next \$2,000,000	\$10,000
Premier Level	Next \$7,000,000	\$20,000
Report Consulting	Over \$10,000,000	\$30,000+

at Advisor's sole discretion and subject to specific conditions including signing an annual agreement, may have part or the entire applicable fee waived for that calendar year. FPC agreements terminate on December 31 of each year, or completion of services specified in the agreement. These fees do not include fees for professional network specialists. Where applicable, personal income tax preparation services may be an additional \$500 to \$1,000; Schedule C or Schedule E services may be an additional \$500 to \$1,000 above the basic fee if provided by the Advisor. Applicability of the particular consulting service to be provided is negotiable.

*Wealth Consulting Report:* Where the standard schedules for financial planning and consulting are not appropriate using income and net asset base, such as where business interests or executive compensation are involved, an hourly fee may be substituted. Clients with net worth above \$5,000,000 primarily due to business or commercial real estate interests, or where unusual non-investment implementation services are anticipated, will pay using an hourly schedule.

**Fees:** The hourly rate is \$400 per hour for Paul Byron Hill, CFP; \$300 per hour for Kam-Lin Kok Hill, CFP; \$200 per hour for all other CFPs; \$100 per hour for staff time. Prepayment is required at the signing of the agreement. Hours will not exceed that specified in the agreement without written client approval. Advisor does not provide advice for or evaluate hedge funds, limited partnerships or real estate businesses, or private equity ventures. In such matters, the Client would be referred to the a professional network specialist with the necessary expertise, and would pay those professionals separately from the Advisor. Client is always solely responsible for fees related to their own legal and accounting professionals.

*Second Opinion Service:* Advisor prepares an Investment Management Strategy and related analysis. Plan includes total client profile, goal achievement report, portfolio analysis, risk tolerance evaluation and a investment policy statement but without specific investment recommendations.



**Fees:** This is a flat \$5,000 fee where completed in full. This fee is normally fully credited toward IMA services within 90 days of a dated FPC agreement.

**Investment Account Establishment Fee:** Clients may request assistance opening broker-dealer/custodial accounts with Charles Schwab, Hartford 529 plans or other arrangements, as well as help in making account transfers. These must be coordinated within Advisor's client relationship management system, portfolio management system, and with income tax planning system.

**Fees:** In some cases, Advisor may charge up to \$500 for each new account with Charles Schwab. \$250 per account would apply to Transamerica Life, TIAA-CREF, Hartford Life or other variable annuities.

If substantial FPC services were provided during the calendar quarter of Client-requested termination, FPC prorata schedule fees will apply for the quarter. Regular IMA fees for the same calendar quarter are credited toward FPC fees. When advisory services are terminated, custodians will charge a fee for selling investments or account transfers.

**Hourly Services:** For non-investment consulting services, including advanced planning areas of wealth management, Advisor's hourly fee is \$400 per hour for Paul Byron Hill, CFP, \$300 per hour for Kam-Lin Kok Hill, CFP and \$200 per hour for other CFPs. This is generally intended for supplemental planning and implementation services for Client or their related persons in non-investing matters. The unused portion of any retainer will be refunded or applied to prorated quarterly fees upon request.

## INVESTMENT ADVISORY MANAGEMENT

For investment advisory management services, Advisor's advisory fee (between 0.20% and 1.50%) is based upon an annual percentage (%) of the market value and location of assets placed under supervision. These fee schedules are subject to quarterly per client minimums (\$2,500 quarterly for "Preferred" level and \$5,000 quarterly for "Premier" level):

**1. Investment Management—All Levels (Custodial).** This fee schedule applies to the aggregate of all accounts custodied with Charles Schwab & Co. under a single household billing for all accounts of any persons related to that household:

Client household fees are described in the "Custodial Accounts" management schedule on this page. Fees between \$100,000 up to \$1 million *may be negotiable* after two complete calendar years. This adjustment applies only when all Client investible assets (except combined bank balances totaling less than \$100,000) are under Advisor supervision, and do not apply when Client has a high maintenance history or where substantial Advanced Planning services as described under the *Financial Planning Consulting Agreement* are required or have been required in the prior 24 months. Where applicable, Schwab Trust Company fees are credited as a schedule offset. The higher fee for the first \$100,000 applies to any "person" or entity other than a spouse.

## CUSTODIAL ACCOUNTS: INVESTMENT MANAGEMENT SCHEDULE

Aggregate Advisory Assets Managed	Per Quarter	Annualized Rate
First \$100,000	0.375%	1.50%
Next \$900,000 to \$1 million	0.250%	1.00%
Next \$1 million to \$5 million	0.200%	0.80%
Next \$5 million to \$10 million	0.175%	0.70%
Next \$5 million to \$15 million	0.150%	0.60%
Next \$10 million to \$25 million	0.125%	0.50%
More than \$25 million	0.100%	0.40%

Subject to minimum annual fee for level (prorated quarterly). Fees may be negotiable for the first \$1 million after two calendar years under certain conditions.

### 2. Investment Management—All Levels (Non-custodial).

This fee schedule applies to non-self-directed employer retirement plans only with trustee-selected choices, variable/fixed annuities, variable/fixed life insurance, and 529 College Savings Plans. Non-custodial accounts are aggregated with Charles Schwab & Co. custodial accounts for the purpose of lower fees. Non-custodial accounts are calculated "on top of" any regular custodial accounts, resulting in a potentially lower schedule rate and savings to Client. This fee schedule is not negotiable. These fees may be credited toward a *Financial Planning Consulting Agreement*.

B. Clients may pay advisory fees when due directly by check, or deducted from Charles Schwab & Co. custodial accounts. Client may change payment arrangements at any time. Billings are quarterly in advance under the *Investment Management Agreement*. If only the *Financial Planning Consulting Agreement* applies, 50% is due prior to providing

## NON-CUSTODIAL ACCOUNTS: INVESTMENT MANAGEMENT SCHEDULE

Aggregate Advisory Assets Supervised	Per Quarter	Annualized Rate
First \$1 million	0.250%	1.00%
Next \$1 million to \$5 million	0.150%	0.60%
Next \$10 million to \$15 million	0.125%	0.50%
Next \$10 million to \$25 million	0.100%	0.40%
Next \$25 million to \$50 million	0.075%	0.30%
More than \$50 million	0.050%	0.20%

Subject to minimum annual fee for level (prorated quarterly). These fees coordinate with the custodial Investment Management Schedule above.





advisory services, and 50% the following quarter. Billings are based upon the market value of the assets on the last business day of the previous quarter (including additions within 30 days thereof), subject to service-level minimums. Broker-dealer/custodial agreements authorize debiting accounts proportionally for the annualized fee (ordinarily one-fourth of the annualized rate quarterly in any billing statements to clients) and to directly remit that investment advisory fee deducted to Advisor in compliance with certain regulatory procedures where a client has not paid Advisor directly. Payment is due upon receipt of Advisor's statement. Where fees are payable for non-custodial accounts supervised, for additional FPC services, or for meeting minimum level fee requirements, client allows those fees to be reallocated and deducted first from non-qualified custodial accounts, and then qualified custodial accounts. For custodial accounts where husband and wife mutually hold powers of attorney, either account may be debited. The client may request any part of the fee deducted from a specific custodial account. For clients customarily paying their advisory fee directly, when advisory fees remain unpaid after thirty days from billing, custodial accounts may be made directly from broker/dealer accounts in the manner described above.

- C. As discussed in *Item 12*, unless the client directs otherwise or circumstances dictate, Advisor recommends that Charles Schwab and Co., Inc. ("Charles Schwab") serve as the broker-dealer/custodian for investment advisory assets. Charles Schwab charges brokerage commissions and/or transaction fees for effecting securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Charles Schwab's maximum internet mutual fund transaction fee for Advisor is \$49, maximum stock or ETF commission is \$9.95. In addition to all these fees, clients will also incur charges imposed at the fund level with all mutual fund and exchange traded funds (e.g. regular management fees and other maintenance expenses). For example, institutional-class mutual fund charges may range from .10% to .80% annualized for Dimensional Fund Advisors.

529 college plans and deferred annuities (both non-custodial) have maintenance and expense charges at the account level in addition to fund expenses. For example, Hartford Life Insurance (WV plan) ranges from .62% to .78% annually including mutual fund management fees. Transamerica Life (NY) charges .65% annual M&E charge plus a \$30 annual policy charge excluding mutual fund management fees. TIAA-CREF charges .33% annual M&E with no annual policy charges plus normal mutual fund management charges.

- D. Advisor's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon quarterly beginning account balances. A minimum annual fee, prorated and paid quarterly, is based on "Preferred" level or "Premier" level status described in *Item 4 (B)*. The

minimum fee, if applicable, is wholly offset based on calculations from Investment Management Schedules also found in *Item 4 (B)*. The Advisor, in its sole discretion, may adjust its Client level requirements based upon certain criteria (i.e. anticipated future additional assets, related person accounts, length of client relationship, anticipated services required, etc.). Certain reductions based on aggregated household or family accounts may not be applied equally to all members if related persons outside of Client household are added for the sole purpose of avoiding imposition of minimum annual fee. For convenience, some related persons and some long-time clients may be offered a specialized *Financial Planning Consulting Agreement* in lieu of an *Investment Management Agreement*.

The *Investment Management Agreement* between Advisor and client will continue in effect annually until terminated by either party by written notice in accordance with the terms of the *Investment Management Agreement*. As of the date of termination, the Advisor shall refund a pro-rated portion of the advanced advisory fee deducted based upon remaining days in the billing quarter. Minimum charges related to the *Financial Planning Consulting Agreement* shall not be refunded.

- E. Neither Advisor nor its representatives accept compensation from the sale of securities or other investment related products (commissions) for the performance of investment advisory services.

**Disclosure Statement.** A copy of the Advisor's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Management Agreement* or *Financial Planning Consulting Agreement*.

**Disclosure for Certified Financial Planners:**<sup>™</sup> Clients have the right to ask at any time about compensation arrangements regarding any Advisor employee who is a CFP® designee.

## Item 6/Performance-Based Fees and Side-by-Side Management

Neither the Advisor nor any supervised person accepts performance-based fees.

## Item 7/Types of Clients

Advisor's wealth management clients are mostly affluent individuals or high net worth individuals and relatives. Business entities, small ERISA retirement plans, trusts, estates and charities owned or associated with them may be clients. Advisor is a fiduciary. Advisor, in its sole discretion, may aggregate multiple accounts of related persons to satisfy minimum advisory requirements or to qualify a family-related client. Advisor **does not** serve investment companies, banks, hedge funds, public companies, government entities, or large ERISA retirement plans.





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

### A. Methods of Analysis

*Fundamental* analysis studies sources of risk and identifies dimensions of risk and *expected* return. Advisor uses “structured” dimensional allocations based on a multifactor model empirically grounded in the science of financial markets as its primary investment management strategy. The so-called “Fama/French” multifactor model offers a simple and elegant framework for portfolio design, analysis and investment discipline. Based on decades of academic research, the multifactor model brings order and clarity to the investing process—isolating and explaining forces that drive persistent and pervasive returns in equity and fixed income markets. Each client’s individualized investment policy guides periodic portfolio repositioning, without market timing, relative to target factor risk benchmarks coordinated across client accounts. Advisor relies on multiple information sources that include financial publications, research materials, subscription services and internet resources, such as Morningstar, Schwab Advisor Services, and primarily Dimensional Fund Advisors research, resources, analytical tools, and consultants.

### Investment Strategies

Prudent investing is a rational process. It involves deciding how much risk to take, then choosing asset classes to match the client’s preferred risk-return tradeoff. How a portfolio is exposed to risk—which asset classes are held and in what proportions—determines expected return relative to other possible asset class allocations. The client’s asset class allocation, described in their investment policy, is the main determinate of expected returns for planning over long horizons. Advisor manages a broad range of asset allocations to meet needs of clients with diverse investment goals, but primarily wealth preservation related to retirement income.

Advisor manages investment strategies based on these core beliefs: (1) *Securities are fairly priced in liquid and competitive markets*, (2) *diversification is essential*, and (3) *investing involves trading off risks and cost with expected returns*. These time-tested principles have guided Advisor’s efforts for over two decades. Differences in return among equity portfolios are largely determined by relative exposure to three factors or “dimensions”: the market, small cap stocks, and value stocks. Stocks offer higher expected returns than fixed income like bonds due to a higher perceived risk of volatile market exposure. Many economists further believe that small cap and value stocks outperform popular large cap and growth stocks because markets rationally discounts equity prices to reflect the underlying risk. Lower relative prices give investors greater upside potential as compensation for portfolios bearing these specially compensated risks. Advisor structures strategies based on academic research rather than on speculation or commercial indexes. Small cap strategies employed target smaller stocks more consistently. Value

strategies employed target value returns with greater focus. Thus, more consistent portfolio structured is achieved.

In Advisor’s view the road to investment success lies in identifying the risks that bear compensation, choosing how much of these risks to have an investor bear, and then striving to minimize the risk and costs imposed by traditional approaches. Research-based portfolio engineering through many of the mutual fund providers employed by Advisor makes this possible. Advisor seeks to allocate broadly diversified equity strategies that offer focused exposure to the sources of expected returns in the market. Engineering equity portfolios around broadly defined return sources generates opportunities for mutual fund providers employed by Advisor to add value, such as due to deviations from market cap weightings, unlike in indexing.

The design of fixed income portfolios follows three integral inputs: term, credit quality, and appropriate diversification. The bounds of these inputs are determined by the client’s investment goals, risk tolerances, and tax circumstances. The fixed income portfolios employed by Advisor seek to provide efficient exposure to defined term and credit quality ranges, thereby allowing Advisor to tailor a fixed income allocation that fits their investment policy strategy. The mutual funds selected by Advisor seek to add value and control risk through yield curve and credit spread-aware designs that take advantage of a diverse universe of bonds throughout the world.

The five sources of expected return—equity market, equity size, equity price, fixed income term, and fixed income credit—can be used to create a five-factor model that explains much of the variation of a balanced equity/fixed income portfolio. This in turn provides a multifactor framework for strategy design, asset allocation, returns analysis, and investment discipline.

### Risk of Loss

Investing in securities exposes investors to a possible risk of loss. Past performance is no a guarantee of future results. Clients may lose money, regardless how long they may invest. Different types of investments involve varying degrees of risk. It should not be assumed that future performance of any investment or strategy of Advisor or anyone else will be profitable or equal historic past performance level(s) illustrated or suggested in an Investment Policy or other client analysis. Riskiness of investing does not decrease over a long holding period. Performance may be affected by unforeseen economic, political, environmental as well as market information or account access issues that could negatively impact client or Advisor’s decision-making ability.

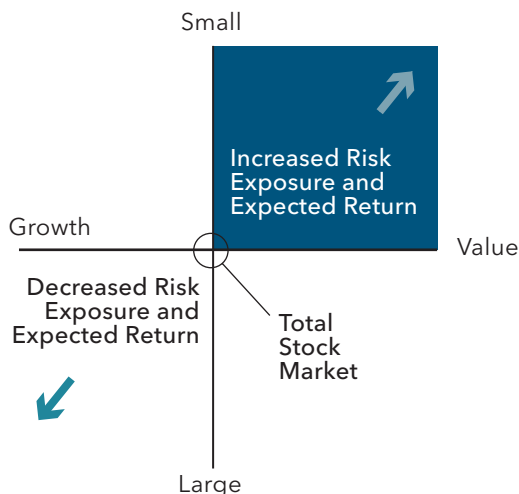
Investing risks that a client may encounter from capital markets while implementing even a highly disciplined investment management strategy may be divided into two broad categories:

#### *Nonsystematic Risks*

- **Company or Management risk:** The impact that bad management decisions, internal situations, or external



## DIMENSIONAL PLANNING FOR EXPECTED RETURNS



Derived from the Fama/French three-factor model

situations can have on company performance, and hence returns.

- **Credit or Default risk:** The possibility that a bond issuer won't pay interest or principal as scheduled or in full. Insurance company annuities are always subject to this risk.

Diversification, by increasing the number of underlying securities held in a portfolio, reduces nonsystematic risk. However, diversification never eliminates investment risk which is what drives expected return, and investors always are at risk losing money.

### Systematic Risks

- **Market risk:** Prices of various securities are uncertain and may lose money in response to new information available to market participants from nonsystematic or random risks. Market risk may be subdivided into dimensions of large and small, growth and value.
- **Interest-rate risk:** Value of fixed income securities may decline due to changes in interest rate changes. When interest rates may increase, existing bonds decline in price.
- **Inflation risk:** Unexpected increases in the prices of goods and services will cause a loss of buying power from a decline in the value of money. Related to interest rate risk.
- **Currency risk:** Changes in the exchange rate between foreign currencies and the US dollar may increase or decrease returns of investments not denominated in US dollars.
- **Liquidity risk:** Inability to buy or sell investment or investment vehicle quickly for a price close to the true underlying value due to the "thinness" of trading in that security.
- **Sociopolitical risk:** Instability or unrest from wars, terrorist attacks, pandemics or governmental instability affect investment markets in that region or markets generally.

Asset class allocation for portfolio construction is a well-established risk management technique. Investors are more likely to be successful when focused on planning goals and maintain disciplined through market cycles. Structured asset class allocations among multiple markets worldwide further diversifies systematic risks, and reduce random risks. Risks specific to planning for clients include: longevity risk, withdrawal risk, savings risk, spending risk, and solvency risk of benefit plans and social security.

- B. Advisor's investment strategies and methods of analysis do not present significant or unusual risks. Fundamental approach avoids forecasting, speculating or market timing decision-making.

Advisor believes that the multifactor model offers an elegant framework for portfolio design, analysis, and investment discipline. It brings order and clarity to the investing process:

**Strategy design:** The model helps set the criteria for weighting the component portfolio sorted among five dimensions to control risk and best capture expected return.

**Asset Allocation:** The model defines risk exposures and serves as a framework to help investors' structure portfolios that accurately capture the expected returns of each underlying asset class.

**Analysis:** The model is indispensable for measuring portfolio "style" and past performance. It also produces expected return calculations that, though not predictive, helps Advisor manage assets with scientific rigor in structuring portfolios and targeting wealth management outcomes.

**Discipline:** The model brings purpose and focus to an otherwise chaotic planning process. It offers a frame of reference that helps investors navigate tough market conditions, set and maintain expectations, apply logic, and ultimately maintain discipline necessary for long-term planning. The model separates investing from speculation—success does not depend on selecting "skillful" managers, or correctly forecast market movements. Research shows that such efforts are futile.

Advisor's method of analysis has its own inherent risks. For any reliable analysis Advisor must have access to accurate market information. Advisor has no control over the timing or dissemination rate of market or security information; therefore certain analyses may be compiled with inaccurate information, limiting the value of Advisor's analysis. There can be no assurances that a multifactor or asset class methodology will materialize into profitable investment strategies within a client's goal or planning horizon, if at all under certain extreme circumstances. Furthermore, no promises or assumptions can be made that Advisor's services will provide a better return than any other investment strategy. Advisor does not represent, warrant or imply that the services or methods of analysis used by Advisor can or will predict future results, identify market tops or bottoms, or insulate clients from losses due to market turbulence or corrections.



Advisor's choice of multifactor asset class allocation strategies has its own inherent risks and limitations. For example, multifactor strategies may require longer periods such as five to ten years—to reliably evaluate or benchmark performance relative to index management or traditional active management. Client's commitment and discipline their investment plan for extended periods is critical for successful outcomes, and personal circumstances (employment or health), tax or legal situation, or emotional tolerance may adversely change during their investing period.

- C. Advisor constructs investment portfolios primarily among low-cost institutional-class mutual funds from Dimensional Fund Advisors. However, exchange-traded funds ("ETFs"), closed-end funds, individual equity and fixed income securities transferred from predecessor custodians, and annuities may be employed depending on individual client circumstances. Most portfolios are coordinated among multiple accounts, and company retirement plans and stock option/restricted stock plans may limit investment selections. Typically regulated investment vehicles like mutual funds with underlying security holdings custodied by institutional banks specific to such services, pose no unusual risks. Advisor does not allocate assets itself into "hedge" funds, option contracts, commodities, futures contracts or any form of non-tradable limited partnership.

**Dimensional Fund Advisors.** Advisor purchases mutual funds primarily through Dimensional Fund Advisors ("Dimensional") for custodial accounts and certain annuities. Dimensional funds are available only through pre-approved registered investment advisors. Accordingly, upon termination of Advisor, Dimensional funds may be necessary to sell unless transferred to another custodian or advisor approved by Dimensional Fund Advisors. In the event client desires to maintain Dimensional funds, new shares may not be purchased by client through the custodian.

### Item 9/Disciplinary Information

The Advisor or its representatives have not been the subject of any disciplinary actions.

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

- A. Neither the Advisor, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Advisor, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. (8) **Licensed Insurance Agents.** Kam-lin K. Hill, a related person, is Managing Director and owns Professional Financial Solutions, LLC. Ms. Hill may share in commissions

or other compensation normally payable to an agent if insurance or annuities are purchased.

**Conflict of Interest:** The recommendation by either Advisor or its representatives that a client purchase a commission product presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from any persons, and implementation is entirely at client's discretion.

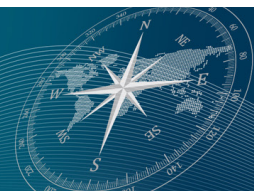
- D. Advisor has no agreements with other Investment Advisors at this time, but may establish such agreements in the future.

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

- A. Advisor maintains an investment policy relative to personal securities transactions. This investment policy is part of Advisor's overall Code of Ethics, which serves to establish a standard of business conduct for all of Advisor's Investment Advisory Representatives that is based upon fundamental principles of openness, integrity, honesty and trust. A copy is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, the Advisor also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Advisor or any person associated with the Advisor.
- B. Neither Advisor nor any related person of Advisor recommends, buys, or sells for client accounts, securities in which the Advisor or any related person of Advisor has a material financial interest.
- C. Advisor and/or its representatives may buy or sell certain securities (stocks, bonds and similar securities) that may be recommended to clients. This practice may create a potential situation where Advisor and/or its representatives are in a position to materially benefit from sale or purchase of those securities, creating a potential conflict of interest. Practices such as "scalping" (i.e., whereby owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon rise in market price following the recommendation) could take place if Advisor did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Advisor's clients) and other potentially abusive practices.

Advisor has a personal securities transaction policy and procedures in place to monitor the personal securities transactions and securities holdings of each of Advisor's "Access Persons." Advisor's securities transaction policy requires that Access Person of the Advisor must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access





Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Advisor selects. (However in the event Advisor ever has only one Access Person, submitting such securities reports is not required.)

- D. Advisor and/or its representatives *may* buy or sell certain securities, at or around the same time as those securities are recommended to clients. This practice could create a potential situation where the Advisor and/or its representatives are in a position to materially benefit from the sale or purchase of those securities, a potential conflict of interest. As indicated above in *Item 11.C*, Advisor has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each Access Person. Additionally, each Access Person must provide quarterly transaction reports within thirty days after the end of each calendar quarter.

**Exceptions:**

(1) Advisor's investment policy recognizes that certain securities purchased and sold on behalf of clients trade in sufficiently broad markets to permit transactions to be completed without any appreciable impact on markets of those securities. Under such circumstances exceptions may be made to the policies stated above; records of those trades, including the reasons for the exceptions, will be maintained with records in the manner set forth above. As a matter of Advisor policy, Access Persons are not allowed by Advisor to trade individual stocks or bonds that could conceivably create a conflict of interest. In any case, if ownership of such securities occurs due to unforeseen circumstances, any Access Persons will be "last in" or "last out" for the trading day.

(2) Interests of Advisor's Access Persons often correspond with those of clients, and they invest in the same mutual funds as they recommend to clients. Open-end mutual funds and/or variable annuity investment subaccounts are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. Such transactions by Access Persons are relatively small and unlikely to have any material impact on prices of fund shares in which clients invest. Therefore they are NOT prohibited by Advisor's personal securities transaction policy.

## Item 12/Brokerage Practices

- A. Advisor generally will recommend that investment advisory accounts be maintained at Charles Schwab & Co. ("Charles Schwab"), in the event that a client requests that Advisor recommend a broker-dealer/custodian for execution and/or custodial services. (Those clients directing Advisor to use a particular broker-dealer/custodian are excluded.) Prior to engaging Advisor to provide investment advisory services, the client is required to enter into a formal Investment Advisory Agreement setting forth the terms and conditions under which Advisor shall manage client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

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

### 1. Research and Additional Benefits

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

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

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



securities or other investment products as result of the above arrangement.

**Advisor's Chief Compliance Officer, Paul Byron Hill, is available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. Advisor does not receive referrals from Charles Schwab or any broker-dealer/custodian.
3. Advisor does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). However when such client-directed arrangements do exist and Advisor consents to the arrangement, client will negotiate their own account terms and arrangements with that broker-dealer, and Advisor will not seek better execution services or prices from other broker-dealers. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

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

- B. To the extent that Advisor provides investment advisory services to clients, transactions for each client account will be made independently and individually. Advisor will not obtain volume discounts or aggregate trades, and commission charges will vary among clients. Advisor will not combine or "bunch" such orders to obtain best execution, or negotiate more favorable commission rates because trading is individualized for clients while attempting to reduce overall transaction costs. Client investments are primarily mutual funds and exchange-traded funds. Portfolios are structured individually for each client, which may include specific income tax considerations related to portfolio transactions. Advisor employs primarily a "buy-and-hold" approach with mutual funds to keep fund trading costs low. Tax planning for portfolio accounts is often much more significant than trading costs in keeping total *investor* costs, after-tax, lower.

### Item 13/Review of Accounts

- A. Advisor provides investment advisory services and conducts account reviews only periodically, and not continually. These reviews are provided by Advisor's Investment Advisory Representatives or "wealth consultants" as follows:

**FINANCIAL PLANNING CONSULTING:** In addition to an annual investment review and update of accounts provided

for "Premier" and "Preferred" clients, as part of the regular meeting cycle, client financial planning and investing goals are reviewed, together with material changes to personal, professional or economic circumstances impacting their investment policy strategy. The Investment Policy may be updated through the process described in *Item 4.B* above. Account reviews for Standard level clients, including a review of their Investment Policy Strategy, are only in response to client request, and not provided more often than annually.

**INVESTMENT ADVISORY MANAGEMENT:** Generally coordinated with Financial Planning Consulting above as part of Advisor's wealth management process as described in *Item 4* above, "Premier" and "Preferred" clients. Such periodic meetings are provided regular progress reviews, not more often than quarterly except under special circumstances. Account reviews for Standard-level clients are annual, as described under the very limited terms of the *Financial Planning Consulting Agreement*.

- B. The Advisor *may* conduct account reviews for any client other than periodically upon the occurrence of a specific triggering event: regular progress meeting with "Premier" or "Preferred" clients; client request; adding or distributing funds within accounts; market turbulence; or sudden or unexpected material change in a client's personal circumstances or financial situation.
- C. Clients are provided, at least quarterly, with written account summary statements and written transaction confirmation notices directly from their broker-dealer/custodian (monthly or by internet website access), from account providers (for annuities and 529 plans) and/or employer retirement plan sponsors (generally website access). At least quarterly and in more detail at least annually, Advisor provides written reports by mail summarizing aggregate account allocations, aggregate account performance, and aggregate transaction activity for all supervised accounts.

### Item 14/Client Referrals and Other Compensation

- A. Advisor receives no referrals of prospective clients from Charles Schwab. As referenced in *Item 12.A.1* above, Advisor receives indirect economic benefits from Charles Schwab. Advisor, without cost (and/or at a discount), receives support services and/or products from Charles Schwab.

Advisor's clients do not pay more for investment transactions effected and/or assets maintained at Charles Schwab as a result of these arrangements. Advisor has no corresponding commitment to Charles Schwab or any other entity, including but not limited to, Dimensional Fund Advisors to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other particular investment products as result of above arrangements.



B. Advisor does not receive client referrals from non-supervised persons for compensation at present, but may make such arrangements to pay compensation to such persons in the future.

**The Advisor's Chief Compliance Officer, Paul Byron Hill, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest any such arrangements may create.**

### Item 15/Custody

Advisor has the ability to have its advisory fee for each client debited periodically by broker-dealer/custodians. This is done only for those clients who do not pay for advisory services directly after their quarterly billings. Deducting fees from client accounts through a detailed procedure supervised by the broker-dealer/custodian is the sole extent of Advisor custody of client assets. Broker-dealer/custodians do not verify the accuracy of Advisor's advisory fee calculations.

Clients are provided with periodic written summary account statements and written transaction confirmation notices directly from their broker-dealer/custodian (monthly and by internet access), account provider (for annuities and 529 plans), and/or employer retirement plan sponsor (generally by internet access). Advisor also provides clients its own separate written periodic report summarizing in detail aggregate account allocations, aggregate account performance, and aggregate account transaction activity. *The client is urged to compare any statement or report provided by the Advisor with the account statements received from the broker-dealer/custodian or other account provider.*

### Item 16/Investment Discretion

Advisor provides investment advisory services on a discretionary basis. This discretion is specifically limited by the terms and any limitations of the Client's investment policy statement or related agreements. Non-discretionary advisory services may be available for certain Clients.

### Item 17/Voting Client Securities

A. The Advisor does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Advisor to discuss any questions they may have with a particular solicitation.

### Item 18/Financial Information

A. The Advisor does not solicit fees of more than \$1,200, per client, six months or more in advance.

B. As per *Item 16*, the Advisor offers investment advisory services on both a discretionary and a non-discretionary basis, but has no financial information that would impact discretionary advisory services.

C. The Advisor has not been the subject of a bankruptcy petition.

### Item 19/State-Registered Advisers

A. This section does not apply to investment advisers registered with the SEC.

**ANY QUESTIONS: The Advisor's Chief Compliance Officer, Paul Byron Hill remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**





PROFESSIONAL  
FINANCIAL

*Consultative Wealth Management* ■ Clarity. Commitment. Confidence.



## Professional Financial Strategies, Inc.

SEC File Number: 801-107130

IARD/CRD File Number: 125580

### Firm Supplement

#### Form ADV, Part 2B

Dated January 31, 2016

**Paul Byron Hill**

*Chief Compliance Officer*

1159 Pittsford-Victor Road, Suite 120

P. O. Box 999

Pittsford, NY 14534

**(585) 218-9080**

paulhill@professionalfinancial.com

**This brochure provides information about the qualifications and business practices of Professional Financial Strategies, Inc. (the "Advisor"). If you have any questions about the contents of this brochure, please contact us at (585) 218-9080 or paulhill@professionalfinancial.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. References herein to Advisor as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

**Additional information about Advisor is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



Item 1/Cover Page

Professional Financial Strategies, Inc.

## Firm Supplement

Dated January 31, 2016



### Paul Byron Hill

This brochure supplement provides information about Paul Byron Hill that supplements the Professional Financial Strategies, Inc. brochure. You should have received a copy of that brochure. Please contact Paul Byron Hill, *Chief Compliance Officer* if you did not receive Professional Financial Strategies' brochure or if you have any questions about the contents of this supplement.

Additional information about Paul Byron Hill is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Contact: Paul Byron Hill, *Chief Compliance Officer*  
1159 Pittsford-Victor Road, Suite 120  
Pittsford, New York, 14534

### Item 2/Education Background and Business Experience

Paul Byron Hill was born in 1952. Mr. Hill has been President and *Chief Compliance Officer* of Professional Financial Strategies, Inc., a registered investment adviser, since 1993. Mr. Hill graduated from the University of Rochester with a degree in English with Distinction. Education related to the practice of personal financial planning includes: MBA (Finance) from the Simon Business School at the University of Rochester (NY); an MS in Financial Services from the American College (PA); and a MS in Financial Planning from The College for Financial Planning, now part of the University of Phoenix (AZ).

Mr. Hill has been a CERTIFIED FINANCIAL PLANNER™ since 1983. The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board"). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

For the right to use CFP® marks, practitioners must satisfactorily fulfill certain requirements:

**Education** – Complete an advanced college-level course of study deemed necessary and approved by the CFP Board for competent and professional of financial planning services

**Examination** – Pass the comprehensive CFP® Certification Examination, designed to test one's ability to diagnose financial planning issues and apply one's knowledge.

**Experience** – Complete at least three years of full-time financial planning-related experience and

**Ethics** – Agree to be bound by CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

This requires that CFP® professionals provide financial planning services at a fiduciary standard of care, and must provide financial planning services in the best interests of their clients. CFP® professionals who fail to comply may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Mr. Hill holds a Chartered Financial Consultant (ChFC®) designation since 1983. ChFC® is a financial planning designation for the financial services industry conferred by The American College. Candidates must meet education, experience, examination, and ethical requirements. Candidates must have at least three years of experience in the financial industry, or an undergraduate or graduate degree from an accredited university and two years of experience in the financial services industry. Candidates must take nine academic courses each followed by an exam. Courses and exams cover topics in finance, investing, insurance, and estate planning, with ongoing continuing education and ethics requirements.

### Item 3/Disciplinary Information

None.

### Item 4/Other Business Activities

- A. The supervised person is not actively engaged in any other investment-related business, occupation or activity not related to financial planning or wealth management.
- B. The supervised person is not actively engaged in any other non-investment-related business or occupation.

### Item 5/Additional Compensation

None, other than as a shareholder of Professional Financial Strategies, Inc

### Item 6/Supervision

Professional Financial Strategies, Inc. provides investment advisory and supervisory services in accordance with SEC and state regulatory requirements. As Professional Financial Strategies's *Chief Compliance Officer*, Paul Byron Hill is primarily responsible for overseeing the activities of the Professional Financial Strategies's supervised persons.

Mr. Hill also monitors client accounts and conducts client account reviews on at least an annual basis. Should a client have any questions regarding Professional Financial Strategies's supervision or compliance practices, please contact Mr. Hill at (585) 218-9292.



Item 1/Cover Page

Professional Financial Strategies, Inc.

## Firm Supplement

Dated January 31, 2016



### Kam-Lin Kok Hill

This brochure supplement provides information about Kam-Lin K. Hill that supplements the Professional Financial Strategies, Inc. brochure. You should have received a copy of that brochure. You may also contact the *Chief Compliance Officer* if you did not receive Professional Financial Strategies' brochure or if you have any questions about the contents of this supplement.

Additional information about Kam-Lin K. Hill is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Contact: Paul Byron Hill, *Chief Compliance Officer*, 1159 Pittsford-Victor Road, Suite 120, Pittsford, New York, 14534

## Item 2/Education Background and Business Experience

Kam-lin K. Hill was born in 1961. Ms. Hill received her MBA from The University of Hull, UK. Ms. Hill has been employed as a Vice President for operations and a wealth consultant of Professional Financial Strategies, Inc. since June of 2001. Ms. Hill also serves as Managing Director of Professional Financial Solutions, LLC, a financial services consulting firm, since January of 2003.

Ms. Hill has been a CERTIFIED FINANCIAL PLANNER<sup>™</sup> since 2005. The CERTIFIED FINANCIAL PLANNER<sup>™</sup>, CFP<sup>®</sup> and federally registered CFP are professional certification marks granted by Certified Financial Planner Board of Standards, Inc. The CFP<sup>®</sup> certification is a voluntary certification. It is recognized for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

For the right to use CFP<sup>®</sup> marks, practitioners must fulfill certain requirements: **Education** – Complete an advanced college-level course of study and approved by the CFP Board for professional financial planning services. **Examination** – Pass the comprehensive CFP<sup>®</sup> Certification Examination, designed to test one's ability to diagnose financial planning issues and apply one's knowledge of financial planning; **Experience** – Complete at least three years of full-time financial planning-related experience and **Ethics** – Agree to be bound by CFP Board's Standards of Professional Conduct.

Certified practitioners must complete 30 hours of continuing education hours every two years and be bound by the Standards of Professional Conduct. CFP<sup>®</sup> professionals who fail to comply may be subject to CFP Board's enforcement process.

Ms. Hill holds a Chartered Financial Consultant (ChFC<sup>®</sup>) designation since 2004. ChFC<sup>®</sup> is a financial planning designation for the financial services industry conferred by The American College. Candidates must meet education, experience, examination, and ethical requirements. Candidates must have at least three years of experience in the financial industry, or an undergraduate or graduate degree from an accredited university and two years of experience in the financial services industry. Candidates must take nine academic courses each followed by an exam. Courses

and exams cover topics in finance, investing, insurance, and estate planning, with ongoing continuing education and ethics requirements.

Ms. Hill holds the Chartered Global Management Accountant (CGMA) designation and became a Fellow of the Chartered Institute of Management Accountants (FCMA) in January, 1997. The designations identify individuals who have completed stringent accounting examinations, education, experience and ethics requirements mandated by the Chartered Institute of Management Accountants Board, which has Royal Chartered status in the United Kingdom. Candidates for fellowship must have at least three years of relevant Practical Experience Requirements (PER) that relates to management accounting at a senior level. CGMA candidates must pass nine examinations on management accounting, decision making, risk and control, information systems, integrated management, business strategy, financial accounting and tax, financial analysis and financial strategy. CGMAs are regulated by the CIMA Board and are recognized by the American Institute of Certified Public Accountants (AICPA).

## Item 3/Disciplinary Information

None.

## Item 4/Other Business Activities

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations, other financial planning and income tax preparation for clients of the firm.
- B. **Licensed Insurance Agents.** Ms. Hill is a licensed insurance agent, and may recommend purchase of insurance and annuity products for a commission. Ms. Hill occasionally sells insurance products, and continues to receive service fees from prior sales. **Conflict of Interest:** Recommendations that a client purchase a financial product for commissions presents a *material conflict of interest*, as the receipt of commissions may provide an incentive to recommend products based on commissions received, rather than on a particular client's need or best interest. Most clients are referred to non-affiliated insurance agents that participate in Advisor's professional network, and do not pay a commission.

**Professional Financial Strategies's Chief Compliance Officer, Paul Byron Hill, remains available to address any questions that a client or prospective client may have regarding the above potential conflict of interest.**

## Item 5/Additional Compensation

None.

## Item 6/Supervision

Professional Financial Strategies, Inc. provides investment advisory and supervisory services in accordance with SEC and state regulatory requirements. Professional Financial Strategies's *Chief Compliance Officer*, Paul Byron Hill, is primarily responsible for overseeing the activities of the Professional Financial Strategies's supervised persons. Mr. Hill also monitors client accounts and conducts client account reviews on at least an annual basis. Should a client have any questions regarding Professional Financial Strategies's supervision or compliance practices, please contact Mr. Hill at (585) 218-9292.





Item 1/Cover Page

*Professional Financial Strategies, Inc.*

## Firm Supplement

Dated January 31, 2016



### Peter C. Van Der Voorn

This brochure supplement provides information about Peter C. Van Der Voorn that supplements the Professional Financial Strategies, Inc. brochure. You should have received a copy of that brochure. Please contact Paul Byron Hill, *Chief Compliance Officer* if you did not receive Professional Financial Strategies' brochure or if you have any questions about the contents of this supplement.

Additional information about Peter C. Van Der Voorn is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Contact: Paul Byron Hill, *Chief Compliance Officer*  
1159 Pittsford-Victor Road, Suite 120  
Pittsford, New York, 14534

### Item 2/Education Background and Business Experience

Peter C. Van Der Voorn was born in 1940. Mr. Van Der Voorn graduated from Wichita State University with a degree in Chemistry. Mr. Van Der Voorn earned his PhD in Chemistry from The University of Illinois, Champaign-Urbana. Mr. Van Der Voorn has been employed as a wealth consultant of Professional Financial Strategies, Inc. since July of 2000. Mr. Van Der Voorn is employed part-time by H&R Block for income tax preparation.

Mr. Van Der Voorn has been a CERTIFIED FINANCIAL PLANNER™ since 2001. The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board"). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

For the right to use CFP® marks, practitioners must satisfactorily fulfill certain requirements:

**Education** – Complete an advanced college-level course of study deemed necessary and approved by the CFP Board for competent and professional of financial planning services.

**Examination** – Pass the comprehensive CFP® Certification Examination, designed to test one's ability to diagnose financial planning issues and apply one's knowledge.

**Experience** – Complete at least three years of full-time financial planning-related experience and

**Ethics** – Agree to be bound by CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Certified practitioners must complete the following ongoing education and ethics requirements in order to maintain the right to continue use of the CFP® marks:

**Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with financial planning developments; and

**Ethics** – Renew an agreement to be bound by the Standards of Professional Conduct. This requires that CFP® professionals provide financial planning services at a fiduciary standard of care, and must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### Item 3/Disciplinary Information

None.

### Item 4/Other Business Activities

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations not related to financial planning other than income tax preparation.
- B. The supervised person is seasonally engaged in a non-investment-related business or occupation for compensation with H & R Block as a personal income tax preparer.

### Item 5/Additional Compensation

None.

### Item 6/Supervision

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Mr. Hill also monitors client accounts and conducts client account reviews on at least an annual basis. Should a client have any questions regarding Professional Financial Strategies's supervision or compliance practices, please contact Mr. Hill at (585) 218-9292.