

## **Eagle Rock Financial Advisers, Ltd.**

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

This brochure provides information about the qualifications and business practices of Eagle Rock Financial Advisers, Ltd. If you have any questions about the contents of this brochure, please contact us at (717) 569-4577 or [tom@eaglerockfinadv.com](mailto:tom@eaglerockfinadv.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 Eagle Rock Financial Advisers, Ltd. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Eagle Rock Financial Advisers, Ltd. is 125749.

Eagle Rock Financial Advisers, Ltd. 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, Eagle Rock Financial Advisers, Ltd. 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.

## Item 3 Table of Contents

Item 1 Cover Page	Page 1
Item 2 Material Changes	Page 2
Item 3 Table of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 8
Item 6 Performance-Based Fees and Side-By-Side Management	Page 9
Item 7 Types of Clients	Page 9
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 9
Item 9 Disciplinary Information	Page 11
Item 10 Other Financial Industry Activities and Affiliations	Page 11
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 11
Item 12 Brokerage Practices	Page 12
Item 13 Review of Accounts	Page 15
Item 14 Client Referrals and Other Compensation	Page 15
Item 15 Custody	Page 15
Item 16 Investment Discretion	Page 16
Item 17 Voting Client Securities	Page 16
Item 18 Financial Information	Page 16
Item 19 Requirements for State-Registered Advisers	Page 16
Item 20 Additional Information	Page 17

## Item 4 Advisory Business

### Description of Services and Fees

We are a registered investment adviser primarily based in Lancaster, PA. We are organized as a corporation under the laws of the Commonwealth of Pennsylvania. We have been providing investment advisory services since 2003. Thomas F. Rauba is our principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Financial Planning Services
- Pension Consulting Services

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. As used in this brochure, the words "we," "our" and "us" refer to Eagle Rock Financial Advisers, Ltd. 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.

### Portfolio Management Services

We provide discretionary, and occasionally non-discretionary, portfolio management services. The investment advice provided is custom tailored to meet your needs and investment objectives. Portfolios we construct may consist of equity securities, mutual fund shares and exchange traded funds in addition to other investment products, as we deem necessary, and in your best interest. Once the portfolio is constructed, we will provide continuous supervision and we will rebalance your portfolio as changes in the market conditions and your investment circumstances may require.

We use several investment allocation models that can be grouped into three categories. In the first category the entire portfolio is comprised of 100% U.S. stocks. The second category is a diverse mix of equity and/or income assets, the mix of which is determined by your investment objectives. We will work with you to determine the appropriate investment objective from Aggressive Growth (100/0 -- most aggressive) to Capital Preservation (0/100 -- most conservative), with four additional objectives in between. Possible investments used in this category may include individual stocks, equity or income mutual funds, real estate investment trusts and bonds as well as other suitable assets. The third category is 100% mutual funds. If this allocation is selected, your assets will be allocated among various mutual funds consistent with your stated investment objectives.

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

Portfolio Size	Maximum Annual Fee
\$0 - \$249,999	2.0%
\$250,000 - \$499,999	1.8%
\$500,000 - \$999,999	1.6%
\$1,000,000 - \$1,999,999	1.4%
\$2,000,000 - \$4,999,999	1.2%
\$5,000,000 and above	1.0%

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, 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.

All client accounts held at the custodian that are under our direct supervision, but not managed using our Investment Allocations, will be assessed a 0.25% maximum annual fee.

For accounts consisting of annuities, we will provide supervisory services, which is the continuous monitoring of your annuity portfolios utilizing our recommended investment allocation models. The advice we provide is custom tailored to meet your needs and objectives. We are typically granted authorization to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. Under such arrangements, we are granted authority to take all necessary actions to execute the purchase, sale, or trade of securities. The term "securities" herein means annuity sub-accounts, or any other type of instruments defined as a security under the federal securities laws. We are not granted authority, and shall have no power, to withdraw funds from your annuity account or to take custody of your annuity funds or securities.

The annual fee for Annuity Management ("Advisory Fee") is computed as a percentage of annuity assets that we actively managed on your behalf and that are held at Vanguard (or any subsequent no-load, low-cost annuity provider). The annual Advisory Fee is calculated utilizing the following schedule:

	<i>Investment Allocation</i>					
	<u>100/0</u>	<u>80/20</u>	<u>60/40</u>	<u>40/60</u>	<u>20/80</u>	<u>0/100</u>
<b><u>Annuity Assets</u></b>						
<b><u>Under Management</u></b>						
<b>Up to \$250,000</b>	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
<b>The next \$250,000</b>	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
<b>The next \$500,000</b>	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
<b>\$1,000,000 and Over</b>	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

Our advisory fee is determined by factoring total annuity assets under our management (held at Vanguard, or any subsequent no-load, low-cost annuity provider) and the actual investment allocation. The investment allocation categories are diverse mixes of equity and/or income assets, the mix of which is determined by your investment objective. We will work with you to select the appropriate investment objective from Aggressive Growth (100/0 -- most aggressive) to Capital Preservation (0/100 -- most conservative), with four additional objectives in between. Our advisory fee is billed quarterly in advance based on the market value of the assets on the last day of the preceding quarter. The first payment is due and payable upon receipt of the assets by the annuity provider and will be assessed pro rata in the event the assets are deposited on a day other than the first day of the current quarter. Fees for subsequent quarters are due and will be assessed on the first day of each quarter (i.e. January 1st, April 1st, July 1st, and October 1st). The Annuity Management fees we charge do not include any transaction or trading costs incurred in your annuity account(s). Additionally, mutual fund fees and expenses as described in each fund's prospectus, annuity mortality and expense (M&E) charges, and annuity administrative expenses are separate and not included in our annuity management fees.

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 either invoice you directly for management services or payment of our fees will be made by the custodian holding your funds and securities provided that the following requirements are met:

- You must provide written authorization permitting the fees to be paid directly from your account(s) held by the custodian. We do not have access to your funds for payment of our fees without your consent in writing.
- It is your responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.
- We will send an invoice to the custodian indicating only the amount of the fee to be paid by the custodian.
- The custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

Either party may terminate the management agreement upon 30 days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

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 please call our main office number located on the cover page of this brochure.

### **Financial Planning Services**

We offer broad-based, modular, and consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to you regarding the management of your financial resources based upon an analysis of your individual needs. If you retain our firm for these 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. After we review and analyze the information you provide to us 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 prepare the plan, and on the financial information you provide to our firm. You must promptly notify us in writing 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 any of our investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

We use the following financial planning fee schedule:

- **Fixed Fees:** Our fixed fee for a financial plan generally ranges between \$250 and \$10,000. Generally, 100% of our fees are payable in advance of services rendered; however, in limited circumstances, we may require that you pay an initial retainer of one-half of the estimated fee in advance of any services rendered. The remaining balance is due and payable upon completion of the contracted service. Under no circumstances will we require prepayment of a fee more than six months in advance and in excess of \$500.
- **Hourly Fees:** We charge an hourly fee of \$250 for clients who request specific consulting related services and do not require a written financial plan. These fees are generally calculated and payable at the completion of each session, although in some cases they may be paid weekly, monthly or periodically in advance. Under no circumstances will we require prepayment of a fee more than six months in advance and in excess of \$500.

Our fee is determined after the scope of the financial planning services has been agreed upon. The final fee, subject to negotiation, is directly dependent upon the facts and circumstances of your financial situation and the complexity of the financial plan or service(s) requested.

You may terminate the financial planning agreement by providing written notice to our firm. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees.

As a separate financial planning service we may perform portfolio reviews. As part of this service, we will assist you in determining your investment goals and objectives, risk tolerance, and retirement plan time horizon. We will then recommend asset allocations. The scope of services requested for a portfolio review will determine the terms of the agreement. The terms, fee schedule, and paying arrangements, as negotiated, will be in accordance with the guidelines set forth in the Financial Planning Services section above.

### **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include any one or all of the following:

1. **Marketplace Search** - We will search the marketplace and provide quotations from leading retirement plan service providers.
2. **Service Provider Analysis** - We will analyze data regarding fees and services of responding retirement plan service providers, including plan features and service standards.
3. **Recommendations** - We will make recommendations regarding plan service provider selection based upon study results and the client's goals and objectives.
4. **Plan Benchmarking Studies** - We will compare your current retirement plan data against industry and same-size employer benchmarks. Best practices are then applied in an attempt to improve results.
5. **Existing Plan Review** - We will conduct a plan review and examination of major components of your retirement plan in order to identify strengths and weaknesses. The review can cover such areas as overall plan structure, related costs, and plan documentation.
6. **Ongoing Consulting** - We will provide quarterly investment reviews of the plan's investments to ensure suitability of investments and conformity with the plan's investment policy statement. In some instances, where we determine that current plan investments are underperforming, we will make general, and occasionally specific, recommendations to you as to re-balancing of plan assets in various investment media, including mutual funds and non-securities investments.

Compensation for these service is based on the fixed fee or hourly fee published above at Financial Planning Services.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All plans are regulated under the Employee Retirement Income Securities Act ("ERISA"). We will provide consulting services to the plan fiduciaries as described above. Typically, the named plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as we recommend. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan. In certain circumstances, we may maintain discretionary authority with respect to client accounts. Our advisory fees for these customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis.

Either party to the pension consulting agreement may terminate the agreement by providing written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

### **Types of Investments**

We primarily offer advice on equity securities, mutual fund shares, and exchange traded funds. 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.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2011, we manage \$27,587,245 in client assets on a discretionary basis, and \$2,523,602 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the *Advisory Business* section above 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/or 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 below.

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

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these 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 person affiliated with our firm.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. 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. 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, charitable organizations, corporations, and other business entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- *Fundamental Analysis* - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- *Cyclical Analysis* - a type of technical analysis that involves evaluating recurring price patterns and trends.
- *Long Term Purchases* - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- *Short Term Purchases* - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

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 suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

*Fundamental Analysis* - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

*Cyclical Analysis* - Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

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 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. Your custodian will use the FIFO accounting method as the default 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**

As disclosed under the *Advisory Business* section above, we primarily recommend equity securities, mutual fund shares, and exchange traded funds; however, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Equity securities (also known simply as "equities" or "stock") fluctuate in value depending on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap"), but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

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

## **Item 9 Disciplinary Information**

Eagle Rock Financial Advisers, Ltd. has been registered and providing investment advisory services since 2003. Neither our firm nor any of our associated persons has any reportable disciplinary information.

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

Persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the *Fees and Compensation* section above for more information on the compensation received by insurance agents who are affiliated with our firm.

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

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 prospective or existing clients upon request. You may obtain a copy of our Code of Ethics by contacting Thomas F. Rauba at (717) 569-4577 or [tom@eaglerockfinadv.com](mailto:tom@eaglerockfinadv.com).

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

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

## **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 mitigate this conflict of interest, it is our policy that neither our Associated Persons nor our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We participate in the institutional customer program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance, and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program.

As disclosed above, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to you, although we receive economic benefits through our participation in the program that is typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to your accounts); the ability to have advisory fees deducted directly from your accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your accounts. These products or services may assist us in managing and administering your accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware, however, that our receipt of economic benefits in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

## **Research and Other Soft Dollar Benefits**

Generally, in addition to a broker's ability to provide the "best execution," we may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to the firm and, because the "soft dollars" used to acquire them are client assets, the firm could be considered to have a conflict of interest in allocating client brokerage business: it could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm theoretically could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

The firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge. In some cases, with a particular client's consent, we may consider a broker-dealer's provision of non-research products and/or services (i.e., products or services that we do not use in making investment decisions or executing transactions for clients). In such cases, however, the products or services involved are used solely for the benefit of the client in whose account the commissions or other fees are incurred.

**Research and Brokerage Products and Services.** "Research" products and services we may receive from broker-dealers may include economic surveys, data, and analysis; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions and perform functions incidental to transaction execution. We generally use such products and services in the conduct of our investment decision making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

**Other Uses and Products.** The firm may use some products or services not only as "research" and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for our administrative and other purposes as well. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable making investment decisions and executing transactions is paid with commission dollars and we bear the cost of the balance. Our interest in making such an allocation differs from clients' interest, in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that the firm must pay directly.

**Mutual Fund Transactions.** Although shares of no-load mutual funds can be purchased and redeemed without payment of transactions fees, we may, consistent with our duty of best execution, determine to cause client accounts to pay transaction fees when purchasing shares of certain no-load mutual funds through TD Ameritrade in order to obtain "research." This research may not be used for the exclusive benefit of the clients who pay transaction fees in purchasing mutual fund shares.

**Amount and Manner of Payment.** A broker-dealer through which the firm wishes to use soft dollars may establish "credits" arising out of brokerage business done in the past, which may be used to pay, or reimburse the firm for, specified expenses. In other cases, a broker-dealer may provide or pay for



the service or product and suggest a level of future business that would fully compensate it. The actual level of transactional business the firm does with a particular broker dealer during any period may be less than such a suggested level, but may exceed that level and may generate unused soft dollar "credits." Where a client has authorized us to consider a broker-dealer's provision of services outside the Section 28(e) safe harbor, a broker-dealer may generate "credits" based on transactions effected in the past and allow the firm to use such "soft dollars" to acquire services and products provided by third parties. We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

In instances where we occasionally manage client accounts on a non-discretionary basis, we will generally recommend that securities be purchased through the facilities of TD Ameritrade, among other discount broker-dealers. Such recommendations will take into account a number of factors, some of which may include custodial fees charged by the broker-dealer for holding securities for the client, commission rates, quality of execution, and record keeping and reporting capabilities. When recommending a broker-dealer, we will attempt to minimize the total cost for all brokerage services paid by the client. However, it may be the case that the recommended broker-dealer charges a higher fee than other broker-dealers charge for a particular type of service, such as commission rates. Clients may utilize the broker-dealer of their choice and have no obligation to purchase or sell securities through such broker-dealer as we recommend.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through TD Ameritrade. 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.

#### **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of 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 on any given day. 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

Thomas F. Rauba, President and Chief Compliance Officer of Eagle Rock Financial Advisers, Ltd. will monitor your accounts on a periodic basis and will conduct account reviews at least quarterly to ensure the advisory services provided to you and/or that the portfolio mix is consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

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

Thomas F. Rauba, President and Chief Compliance Officer, of Eagle Rock Financial Advisers, Ltd. will review financial plans as needed, depending on the arrangements made with you at the inception of your advisory relationship to ensure that the planning advice made to you is consistent with your stated investment needs and objectives. Generally, we will contact you at least quarterly to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss, and/or disability, among others. Where warranted, we will provide you with updates to the financial plan in conjunction with the review. We recommend meeting with you at least annually to review and update your plan if needed. Additional reviews will be conducted upon your request. We will not provide regular written reports for financial planning and consulting services. If you implement financial planning advice through our firm, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

## Item 14 Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with TD Ameritrade.

## Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fees deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Thomas F. Rauba, President and Chief Compliance Officer at (717) 569-4577 or [tom@eaglerockfinadv.com](mailto:tom@eaglerockfinadv.com).

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and/or trading authorization forms.

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, in writing, 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 above for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

## **Item 17 Voting Client Securities**

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 were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation 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 Advisers**

Please refer to the Form ADV Part 2B brochure supplements for background information about management personnel and those giving advice on behalf of our firm.

Our firm is not actively engaged in any business other than giving investment advice.



Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-By-Side Management" section above for additional information on this topic.

Neither our firm, nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings or administrative proceedings.

Neither our firm, nor any of our management persons have a material relationship or arrangement with any issuer of securities.

## **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 never 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 Thomas F. Rauba, President and Chief Compliance Officer at (717) 569-4577 or [tom@eaglerockfinadv.com](mailto:tom@eaglerockfinadv.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.

**Thomas F. Rauba**

CRD No: 1834632

**Eagle Rock Financial Advisers, Ltd.**

**205 Granite Run Drive  
Suite 240  
Lancaster, Pennsylvania 17601**

**Telephone: 717 569-4577  
Facsimile: 717 569-4688**

**April 12, 2012**

**FORM ADV PART 2B  
BROCHURE SUPPLEMENT**

This brochure supplement provides information about Thomas F. Rauba that supplements the Eagle Rock Financial Advisers, Ltd. brochure. You should have received a copy of that brochure. Please contact Thomas F. Rauba at (717) 569-4577 or [tom@eaglerockfinadv.com](mailto:tom@eaglerockfinadv.com) if you did not receive Eagle Rock Financial Advisers, Ltd.'s brochure or if you have any questions about the contents of this supplement.

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

## Item 2 Educational Background and Business Experience

### Thomas F. Rauba, CFP®

*Year of Birth:* 1965

*Formal Education After High School:*

- B.S., Business Administration, Shippensburg University, 1988.

*Business Background for the Previous Five Years:*

- President, Eagle Rock Financial Advisers, Ltd., 05/2009 to Present.
- Chief Compliance Officer, Eagle Rock Financial Advisers, Ltd., 01/2005 to Present.
- Chief Operating Officer, Eagle Rock Financial Advisers, Ltd., 02/2003 to 05/2009.
- Registered Representative, Trustmont Financial Group, Inc., 04/2003 - 05/2007.

*Certifications:*

- CERTIFIED FINANCIAL PLANNER™, College for Financial Planning, 1992.

The **CERTIFIED FINANCIAL PLANNER, CFP®** and federally registered CFP® (with flame design) marks (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 in the United States and a number of other countries 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. Currently, more than 62,000 individuals have obtained CFP certification in the United States.

To attain the right to use the CFP marks, an individual must satisfactorily fulfill the following requirements:

- Education - Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination - Pass the comprehensive CFP Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience - Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); 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.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use 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 developments in the financial planning field; and
- Ethics - Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP professionals provide financial planning services at a fiduciary standard of care. This means CFP professionals must provide financial planning services in the best interests of their clients.

CFP professionals who fail to comply with the above standards and requirements 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**

Mr. Rauba does not have, nor has he ever had, any disciplinary disclosure.

### **Item 4 Other Business Activities**

Mr. Rauba is separately licensed as an independent insurance agent. In this capacity, he can effect transactions in insurance products for his clients and earn commissions for these activities. The fees you pay our firm for advisory services are separate and distinct from the commissions earned by Mr. Rauba for insurance related activities. This presents a conflict of interest because Mr. Rauba may 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 person affiliated with our firm.

### **Item 5 Additional Compensation**

Please refer to the *Other Business Activities* section above for disclosures on Mr. Rauba's receipt of additional compensation as a result of his activities as a licensed insurance agent.

Also, please refer to the *Fees and Compensation* section and the *Client Referrals and Other Compensation* section of Eagle Rock Financial Advisers, Ltd.'s firm brochure for additional disclosures on this topic.

### **Item 6 Supervision**

Mr. Rauba is the Principal, Chief Compliance Officer, and sole advisory representative of Eagle Rock Financial Advisers, Ltd.; therefore, supervision is not required. He can be reached on (717) 569-4577.

Nonetheless, Eagle Rock Financial Advisers, Ltd. has established written supervisory procedures that are reasonable designed to detect and prevent violations of the securities laws, rules and regulations.

### **Item 7 Requirements for State Registered Advisers**

Thomas F. Rauba does not have any reportable arbitration claims. He has not been found liable in a reportable civil, self-regulatory organization or administrative proceeding. He has not been the subject of a bankruptcy petition.