

## **BMS Financial Advisors, LLC**

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**March 14, 2017**

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

This brochure provides information about the qualifications and business practices of BMS Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (605) 341-1555. 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 Financial Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable advisory IARD/CRD number for BMS Financial Advisors, LLC is 134738.

BMS Financial Advisors, LLC 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

As a registered investment adviser, we must ensure that our brochure is current and accurate and makes full disclosure of all material facts relating to the advisory relationship. If there have been any material changes to our business or advisory practices since our last annual update, we will provide a description of such material changes here.

Since the filing of our last annual updating amendment dated March 2, 2016, we have not made any material changes to our disclosure brochure.

Our disclosure brochure is available at any time. If you would like to receive a full copy of the entire brochure at no charge, please contact us at 605.341.1555 or via email at [doug@bmsadvisors.com](mailto:doug@bmsadvisors.com).

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## Item 4 Advisory Business

BMS Financial Advisors, LLC ("we", "our", "us") is a registered investment adviser based in Rapid City, South Dakota. We are organized as a limited liability company under the laws of the State of South Dakota. Our firm has been providing investment advisory services since 2008. Hugh T. Boyle, CEO/Managing Member, and Mr. Douglas A. Maher, President/ Managing Member, and Chief Compliance Officer, are our principal owners. Messrs. Boyle and Maher both have been continuously employed in the financial and securities industry since 1998.

As used in this brochure, 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.

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.

Principals of our firm are registered representatives and financial advisers ("FAs") of SagePoint Financial, Inc. ("SagePoint"). SagePoint is registered with the Financial Industry Regulatory Authority ("FINRA") as a broker-dealer engaged in the offer and sale of securities products. SagePoint is also registered as an Investment Adviser with the Securities and Exchange Commission ("SEC"), SEC File No. 801-64721, in order to offer investment advisory products and services.

Currently, BMS Financial Advisors, LLC offers the following investment advisory services, which are personalized to each individual client:

- **Financial Planning and Consulting Services**
- **Investment Management Services which include:**
  - VISION2020 Wealth Management Platform
  - Managed Assets Program
  - Selection of Other Advisers (Third Party Advisory Services)
- **Asset Allocation Services for Retirement Accounts**
- **Pension/Qualified Plan Consulting and Education Services**

### Financial Planning and Consulting Services

Financial planning services will typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. Our advisory representative will first conduct a complimentary initial consultation. During or after the initial consultation, if you decide to engage us for financial planning services, an advisory representative will conduct a follow up meeting during which pertinent information about your financial circumstances and objectives is collected. Once such information has been reviewed and analyzed, a written financial plan - designed to achieve your stated financial goals and objectives - may be produced and presented to you. The primary objective of this process is to allow us to assist you in developing a strategy for the successful management of income, assets and liabilities in meeting your financial goals and objectives.

Some clients may only require advice on a single aspect of the management of their financial resources. For these clients, we offer financial plans in a modular format and/or general consulting services that address only those specific areas of concern.

Financial plans are based on your financial situation at the time the plan is presented and are based on financial information you disclose to us. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

In general, financial planning and consulting services may include any one or all of the following:

- Estate Planning
- Insurance Planning
- Income & Tax Planning
- Retirement Planning
- Investment Planning

We are generally compensated based on the firm's hourly rate, which is \$250 for financial planning and consulting services. The amount of the hourly fee we charge you, subject to negotiation, will be directly dependent upon the facts and circumstances of your financial situation and the complexity of the financial plan or consulting service(s) requested. An estimate of the total cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and may request that you pay an additional fee.

We will require that you pay an initial retainer fee equal to one-half of the estimated financial planning fees in advance of any services rendered. The remaining balance shall be due and payable upon completion of the contracted services. Typically, the financial plan will be presented to you within 90 days of the contract date provided that you have promptly provided all information needed to prepare the financial plan.

You may act on our recommendations by placing securities transactions with any brokerage firm you choose. You are under no obligation to act on the firm's financial planning recommendations. Moreover, if you elect to act on any of the recommendations, you are under no obligation to implement the financial plan through us or our advisory representatives.

All clients wishing to engage us for the implementation of its financial and/or retirement plan, must, in addition to completing our internal documents and investment advisory agreement, complete a SagePoint non-brokerage new account form. Upon completion of the aforementioned documents, together with the advisory representatives securing the relevant approvals, we will be considered engaged by you. The term of engagement will either be a "one- time only" or ongoing, as set forth in the advisory agreement. For ongoing agreements, you will be responsible for ensuring that we have been timely informed of changes in investment objectives and risk tolerance.

For those clients making use of our portfolio management services and/or having engaged one of our advisory representatives who is also an insurance agent or in their capacities as a registered representative of SagePoint, the firm may, in its discretion, offset the cost of the financial planning and/or consulting services rendered for the advisory fees and/or commissions earned (i.e. commissions from the sale of securities or insurance products or advisory fees for asset management programs offered through SagePoint, among others). The scope and complexity of the services that were provided will determine the waiver or offset of the fee.

You may terminate the financial planning agreement within five days of the date of acceptance without penalty to you. After the five-day period, either party may terminate the agreement by providing written notice to the other party. You will incur a pro rata charge for bona fide financial planning/consulting services rendered prior to such termination. In the event there are any prepaid unearned fees, we will promptly refund you a pro rata share.

## **Investment/Portfolio Management Services**

### **VISION2020 WEALTH MANAGEMENT PLATFORM - ADVISOR MANAGED PORTFOLIOS**

SagePoint Financial, Inc. sponsors the VISION2020 Wealth Management Platform ("WMP") - Advisor Managed Portfolios Program ("Advisor Managed Portfolios") which provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services.

Advisor Managed Portfolio provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, and based on your responses to a risk tolerance questionnaire ("Questionnaire") and/or discussions that we have together regarding among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, we construct a portfolio of investments for you. This portfolio may consist of mutual funds, exchange traded funds, equities, options, debt securities, variable life, and/or variable annuity sub-accounts (certain restrictions may apply) or other investments.

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Portfolios are constructed along basic investment objective categories. However, you have the opportunity to place reasonable restrictions on the type of investments to be held in your portfolio. Your advisory representatives may periodically rebalance your account to maintain the initially agreed upon asset allocation. However, no changes are made to the agreed-upon asset allocation in non-discretionary accounts without your prior review and consent.

We can provide these services to you on a discretionary or non-discretionary basis. The purchase and sale of securities in discretionary accounts does not require your advance approval. In a non-discretionary account, our advisory representative will only purchase or sell securities that you have approved in advance. The nature of such relationships is set forth in each client service agreement ("Agreement").

**For further Advisor Managed Portfolios details, please see the Advisor Managed Portfolios Wrap Fee Program Brochure.** We provide this brochure to you prior to or concurrent with your enrollment in **Portfolios**. Please read it thoroughly before investing.

### **VISION2020 WEALTH MANAGEMENT PLATFORM - MODEL PORTFOLIO PROGRAM**

The Wealth Management Platform - Model Portfolios Program ("Model Program") offers you managed asset allocation models ("Asset Allocation Models") of mutual funds, exchange traded funds ("ETFs"), or a combination thereof, diversified across various investment styles and strategies. The Asset Allocation Models are constructed by managers ("Program Managers") such as Russell Investment Management Company and Morningstar Associates, LLC.

Based upon your risk tolerance, the Model Program utilizes a system that selects a specific Asset Allocation Model. After the Asset Allocation Model is chosen, we, with the assistance of the Model Program sponsor, will open a Model Program account. Your assets will be invested in the specific investments contained within the recommended Asset Allocation Model. You have the opportunity to place reasonable restrictions on investments held within the Model Program account.

**For further Model Program details, including a full list of Program Managers, please see the Model Program Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in the Model Program. Please read it thoroughly before investing.**

#### MANAGED ASSETS PROGRAM

The Managed Assets Program ("MAP Program") is an investment management program that provides you with access to multiple managers who provide investment advice to you on portfolios consisting of individual stocks, bonds, exchange traded and mutual funds.

You can choose a variety of investment managers across asset classes and investment styles for a complete asset allocation strategy or seek an investment manager for a single asset class. More specifically, you will generally choose from the following three options:

- The Single Asset Category Proposal allows you to select investments in a single asset class either by asset class (e.g. US Large Cap Equity) or by investment style (e.g. US Large Cap Growth Equity).
- The Asset Allocation Proposal which allows you to allocate your investments across multiple asset classes and investment styles using multiple brokerage accounts.
- The Diversified Multi-Strategy Portfolio Proposal which allows you to allocate your investments across multiple asset classes and investment styles using a single brokerage account.

In addition, you have the opportunity to place reasonable restrictions on investments held within your MAP Program account.

**For further MAP Program details, please see the MAP Program Wrap Fee Brochure. We provide this brochure to you prior to or concurrent with your enrollment in MAP. Please read it thoroughly before investing.**

#### SELECTION OF OTHER ADVISERS - THIRD PARTY ADVISORY PROGRAMS

We can also offer you the services of various third party advisers ("TPAP") for the provision of certain investment advisory program including mutual fund wrap and separately managed account programs.

*If you are interested in learning more about any of these services, please note that a complete description of the programs, services, fees, payment structure and termination features is available via the applicable TPAP disclosure brochures, investment advisory contracts, and account opening documents. Typically, you will be required to authorize the TPAP with discretion to purchase and sell securities without your prior approval. All securities transactions will be decided upon and executed by the selected TPAP.*

In connection with these arrangements, we will provide assistance in the selection and ongoing monitoring of a particular TPAP. Factors that we consider in the selection of a particular third party advisor may include but may not be limited to: i) our assessment of a particular TPAP; ii) your risk



tolerance, goals, objectives and restrictions, as well as investment experience; and, iii) the assets you have available for investment. We will periodically monitor the TPAP's performance to ensure its management and investment style remains aligned with your investment goals and objectives

In order to assist in the selection of a TPAP, your advisory representative will typically gather information from you about your financial situation, investment objectives, and reasonable restrictions you want imposed on the management of the account.

Part 2A of Form ADV, the program wrap brochure (if applicable) or other applicable disclosure documents of the Third Party Advisory Service and of the portfolio manager(s) will be provided to all Clients interested in these programs and in particular portfolio managers.

In addition, our advisory representatives may receive compensation from these third party investment advisers for referring Clients--and because such compensation may differ depending on the individual agreement with each TPAP--advisory representatives may have an incentive to recommend a particular TPAP over other third party advisers with which we may have less favorable compensation arrangements or, alternative investment advisory programs--including programs offered through their own separately registered investment advisory entities.

#### *Engaging a Third Party Adviser*

You will sign an advisory agreement or contract directly with the sponsor/adviser of the Third Party Advisory Program selected. The advisory relationship may be terminated by you or by third parties to the contract in accordance with the provisions of the program contract. You will typically receive a pro rata refund of any prepaid advisory fees.

#### *Important Disclosures Regarding Third Party Advisory Programs*

There is no guarantee that the advisory services offered will result in your goals and objectives being met. Nor is there any guarantee of profit or protection from loss. The fees and expenses you pay in connection with Third Party Advisory Program may be higher than the cost of similar services offered through other financial firms or the fees associated with other financial services.

**Please Note:** When investing in mutual funds and variable annuities, you are strongly encouraged to review the applicable prospectus. Mutual funds and variable annuities may impose certain restrictions on the frequency, timing and dollar amount of transactions and may impose penalty fees based upon short-term trading patterns. Such restrictions may impact the services provided by a TPAP .

***The list of approved unaffiliated Third Party Advisory Programs is under periodic review and revision and is therefore subject to change. You should consult directly with your advisory representative to confirm the most current list. In certain circumstances, certain Third Party Advisory Programs may not be available to all Clients.***

#### **Asset Allocation Services for Retirement Plans**

We provide non-discretionary investment recommendation and asset allocation services to clients where the investment advice provided is custom tailored to meet the needs and investment objectives of the client. Such services may include a risk tolerance assessment, asset allocation recommendations, and/or monitoring of a client/participant's investments in a 401(k), 403(b), 457, or other type of retirement plan account. We may assist you in identifying categories of mutual funds, government securities, or other investments which are suitable based on your investment objectives and risk tolerance. You will be responsible for implementing any trade orders and/or authorizing us or your custodian to make the recommended changes. We will monitor your account on a periodic basis to ensure the account remains aligned with your stated financial objectives. You are free at all times to accept or reject any of our investment recommendations.



On an annualized basis, our fees for investment recommendation and asset allocation services are 1% of assets under review or a flat fee, subject to negotiation.

You will be billed on a quarterly basis. All asset based fees are due ***in advance*** and are calculated based on the market value of the assets on the last business day of the previous quarter. Fees will be assessed pro rata in the event the advisory agreement is executed at any time other than the first day of a billing period. Our fees, as disclosed above, do not include any custodial fees to third-party custodians, brokerage commissions, platform fees, or fees charged by sub-advisors or mutual funds.

We will either invoice you directly, or payment of advisory fees will be made by the custodian holding your funds and securities provided you grant written authorization permitting the fees to be paid directly from the account, a non-retirement account or another related account. We will not have access to your funds for payment of fees without your written consent. Further, the qualified custodian agrees to deliver an account statement, at least quarterly, directly to you showing all disbursements from the account. You are encouraged to review account statements for accuracy.

### **Pension/Qualified Plan Consulting Services**

We will provide pension-consulting services to employee benefit plans, the plan sponsors, and their fiduciaries (collectively, the "Sponsor") based upon an analysis of the needs of the plan. In general, these services may include an existing plan review, asset allocation advice, assisting the Sponsor in fund selection and investment options, communication and education services where we will assist the plan sponsor in providing meaningful information regarding the retirement plan to its participants, investment performance monitoring, and/or ongoing consulting. The firm has agreements with third party administrators ("TPAs") to provide these services as part of the TPAs agreement with the plan. In these instances, the TPA may pay a portion of the fee charged to the plan to us for their services. In other instances, the firm may be introduced to a plan through a TPA and will provide service directly to the plan.

We may hold educational seminars or individual meetings for the plan participants and provide information on the plan specifics and allocation choices.

Services provided to qualified retirement assets are regulated under the Employee Retirement Income Securities Act ("ERISA"). We may 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.

### ***Termination***

We, the TPA, or the Sponsor may terminate the pension consulting agreement within five business days of the date of acceptance without penalty to you. After the five-day period, either party may terminate the pension consulting agreement by providing written notice to the other party. The Plan may incur a charge for services rendered prior to such termination. If applicable, any unearned fees will be refunded on a pro rata basis. The pension consulting fees will be pro-rated for the month in which the cancellation notice was given and unearned fees will be refunded to you.

### **Types of Investments**

We offer advice on equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities mutual funds, exchange traded funds (ETFs"), variable annuities, US Government securities, options contracts on securities, and interest in partnerships investing in real estate, oil and gas interests. 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 February 22, 2017, we provide continuous management services for \$133,229,570 in client assets on a discretionary basis, and \$35,296,956 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Financial Planning and Consulting Services**

We are generally compensated based on the firm's hourly rate, which is \$250 for financial planning and consulting services. The amount of the hourly fee we charge you, subject to negotiation, will be directly dependent upon the facts and circumstances of your financial situation and the complexity of the financial plan or consulting service(s) requested. An estimate of the total cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and may request that you pay an additional fee.

We will require that you pay an initial retainer fee equal to one-half of the estimated financial planning fees in advance of any services rendered. The remaining balance shall be due and payable upon completion of the contracted services. Typically, the financial plan will be presented to you within 90 days of the contract date provided that you have promptly provided all information needed to prepare the financial plan.

### **Investment Management Services**

Generally, when you engage our firm for Investment Management Services (utilizing one of the management programs described in Item 4), our firm's advisory fee will be deducted from your account in advance\* on a quarterly basis, based on the following fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annualized Advisory Fee**</u></b>
\$0.00 - \$99,999.99	1.50%
\$100,000 - \$249,999.99	1.25%
\$250,000 - \$499,999.99	1.20%
\$500,000 - \$749,999.99	1.15%
\$750,000 - \$1,249,999.99	1.10%
\$1,250,000 - \$1,999,999.99	1.00%
\$2,000,000 - \$4,999,999.99	1.00%
\$5,000,000 - \$24,999,999.99	1.00%
Over \$25MM	0.80%

\*Certain client that were acquired from another adviser and/or acquired prior to the date on this brochure may be subject to a different fee schedule and different payment terms. In such cases, please refer to your advisory agreement for specific details on your fee structure and payment terms.

**\*\*SagePoint Financial** (See "Other Financial Industry Activities and Affiliations" section of this Brochure) retains a portion of this annualized advisory fee for administrative and supervisory functions performed by SagePoint as well as for execution, clearing and custodial costs. Where applicable, additional program expenses may also be assessed. BMS is then paid the balance of the annualized advisory fee. Pre-existing clients may be on a different fee schedule and the agreement you sign to open an account will clearly set forth the fees agreed upon.

If the management program 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 management fee is payable in proportion to the number of days in the quarter for which you are a client. Our management fee may be negotiable and at the discretion of our firm.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable management 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 management fee based on the available breakpoints in our fee schedule stated above.

#### **VISION2020 WEALTH MANAGEMENT PLATFORM- ADVISOR MANAGED PORTFOLIOS**

We may offer Managed Portfolios ("Advisor Managed Portfolios") as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account"). We may also offer Advisor Managed Portfolios with separate advisory fees and transaction charges ("Non-Wrap Account"). As such, in addition to the quarterly account fee described above for advisory services, you will also pay separate per-trade transaction charges. You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your participation in this program, you will be entitled to a pro rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after the date upon which the notice of termination is received.

**For complete program details, including total program account fees, and a list of transaction charges, please see the Advisor Managed Portfolios Wrap Fee Program Brochure and the Advisor Managed Portfolios Account Agreement.**

#### **VISION2020 WEALTH MANAGEMENT PLATFORM - MODEL PORTFOLIOS**

We offer the Model Program as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your

account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your participation in this program, you will be entitled to a pro rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after the date upon which the notice of termination is received.

**For complete program details, including total account fees, please see the Model Program Wrap Fee Brochure and the Model Program Account Agreement.**

#### **MANAGED ASSETS PROGRAM**

We offer the MAP Program as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. You will receive a full account fee refund in the event that you terminate your client agreement with us within five business days of signing. If you terminate after the first five days, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

**For complete program details, including total account fees to be charged and a list of transaction charges, please see the MAP Program Wrap Fee Brochure and the MAP Program Account Agreement.**

#### **SELECTION OF OTHER ADVISERS - THIRD PARTY ADVISORY PROGRAMS**

We do not charge you a separate fee for the selection and recommendation of other advisers. We will share in the advisory fee you pay directly to the TPAP. The advisory fee you pay to the TPAP is established and payable in accordance with the brochure provided by each TPAP to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual arrangement we have with each TPAP. As such, a conflict of interest exists where our firm or persons associated with our firm has an incentive to recommend one TPAP over another with whom we have more favorable compensation arrangements or other advisory programs offered by TPAPs with whom we have less or no compensation arrangements.

Typically, you will be required to sign an agreement directly with the recommended TPAP(s) and/or a tri-party agreement. You may terminate your advisory relationship with the TPAP according to the terms of your agreement with the TPAP. You should review each TPAP's brochure for specific information on how you may terminate your advisory relationship with the TPAP and how you may receive a refund, if applicable.

#### **Asset Allocation Services for Retirement Plans**

On an annualized basis, our fees for asset allocation services, On an annualized basis, our fees for asset allocation services are typically 1% of assets under review or a flat fee, subject to negotiation.

You will be billed on a quarterly basis. All asset based fees are due ***in advance***\* and are calculated based on the market value of the assets on the last business day of the previous quarter. Fees will be assessed pro rata in the event the advisory agreement is executed at any time other than the first day of a billing period. Our fees, as disclosed above, do not include any custodial fee payable to third-party custodians, brokerage commissions, platform fees, or fees charged by sub-advisors or mutual funds.

We will either invoice you directly, or payment of advisory fees will be made by the custodian holding your funds and securities provided you grant written authorization permitting the fees to be paid directly from the account, a non-retirement account or another related account. We will not have access to your funds for payment of fees without your written consent. Further, the qualified custodian agrees to deliver an account statement, at least quarterly, directly to you showing all disbursements from the account. You are encouraged to review account statements for accuracy.

\*Certain clients that were acquired from another adviser and/or acquired prior to the date on this brochure may be subject to a different fee schedule and different payment terms. In such cases, please refer to your advisory agreement for specific details on your fee structure and payment terms.

#### **Pension/Qualified Plan Consulting Services**

Our firm may be compensated based on an hourly fee, a flat fee, a fee based on percentage of assets, or a combination of fee arrangements based on the complexity of the plan and the agreement with the Sponsor. The type and amount of the fees charged to you, subject to negotiation, will be based on the

scope and complexity of the qualified plan and the requested services. An estimate of the total cost will be determined at the start of the advisory relationship. The final fee shall be directly dependent upon the facts and circumstances of your financial situation and the complexity of the pension consulting services provided. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and may request that you pay an additional fee. We typically require the payment of fees for pension consulting services monthly in advance.

We, the TPA, or the Sponsor may terminate the pension consulting agreement within five business days of the date of acceptance without penalty to you. After the five-day period, either party may terminate the pension consulting agreement by providing written notice to the other party. The Plan may incur a charge for services rendered prior to such termination. If applicable, any unearned fees will be refunded on a pro rata basis. The pension consulting fees will be pro-rated for the month in which the cancellation notice was given and unearned fees will be refunded to you.

### **Additional Fees and Expenses**

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

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

Persons providing investment advice on behalf of our firm are registered representatives SagePoint Financial, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is 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 registered representatives have an incentive to recommend investment products based on the compensation received. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm unless done in the conjunction with a selected investment management program(s).

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

## Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. We offer our services to 401(k) plans and/or other type of employee benefit plans in conjunction with and through third party administrators.

In general, we require a minimum account size of \$150,000 to initiate and maintain a VISION2020 Wealth Management Program. At our discretion and depending on the client's circumstances, we may waive or lower the minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum (such as parents and grandparents).

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

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

Advisory Representatives using the VISION2020 Programs have access to online portfolio software tools that assist in analyzing Client portfolios. Such software is based upon Modern Portfolio Theory (MPT). MPT attempts to balance a portfolios risk and return level based on a particular Client's risk tolerance and investment objectives. Ibbotson Associates research is used in conjunction with the asset allocation software to provide Clients with access to risk tolerance assessments, efficient frontier plotting, fund profiling and performance data, as well as portfolio optimization and re-balancing tools. Advisory Representatives have the option to use alternative methods of analysis if they so choose.

For mutual fund and ETF analysis we may use, but are not limited to Morningstar, Lipper, personal manager due diligence and publicly available research reports on the managers. Analysis categories may include risk, return, expense ratio, manager tenure, standard deviation, and alpha and allocation consistency comparisons when appropriate.

For Third Party Advisory Programs, our recommendations for third-party advisers and programs will be based on research reports and analysis of performance provided by third-party advisers and publicly available research and reports regarding investment strategies and programs generally offered by a variety of third-party investment advisers. We may utilize computer software programs provided by such third-party advisers in providing this advice to Clients.

Further, we may perform quantitative or qualitative analysis of individual securities; however, we will primarily advise you on how to allocate your assets among various classes of securities or third party investment advisers. We may replace any third party advisers if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

#### Investment Strategies

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

- **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.

#### *Tax Considerations*

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

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Our firm or the TPA managing your account will either instruct the custodian to use the first-in, first-out ("FIFO") accounting method for calculating and reporting the cost basis of your investments or the custodian will default to the FIFO method where no instruction is given.

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.

You should be advised of the following risks when investing in mutual funds.

Mutual 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 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. The returns on mutual funds can be reduced by



the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end."

## **Item 9 Disciplinary Information**

BMS Financial Advisors, LLC has been registered and providing investment advisory services since 2008. Neither our firm, nor any of our management persons have been involved in any material disciplinary events.

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

Our advisory representatives are associated with SagePoint Financial, Inc. ("SagePoint"). SagePoint is a diversified financial services company engaged in the sale of specialized investment products. Advisory representatives may recommend securities or insurance products offered by SagePoint. If you purchase these products through your designated advisory representative, s/he will receive the normal commissions. You are under no obligation to purchase securities products through any person affiliated with our firm or through SagePoint unless done in the conjunction with an investment management program(s). Please see the "Fees and Compensation" section in this Brochure for more information on the commission-based compensation received by associated persons of our firm.

Our advisory representatives are also licensed to conduct advisory activities through SagePoint's Corporate Registered Investment Adviser. As such, advisory representatives may earn asset-based fees through SagePoint for engaging in certain types of advisory activities.

### **Recommendation of Other Advisers**

We provide advice on third party advisers ("TPAP") who offer timing services, asset allocation services, management programs and wrap fee accounts. In some instance, we may be compensated by participating in the advisory fee charged by the third-party adviser. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. Full disclosure will be provided at the time of referral.

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

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our 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.

You may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

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

As Registered Representatives of SagePoint, our advisory representatives, may recommend to you the purchase or sale of investment products in which the advisory representatives, SagePoint and/or a related entity, may have some financial interest, including the receipt of compensation. Certain mutual funds (and/or their related persons) in which you may invest make a 12b-1 fee payments to broker-dealers. Such payments may be distributed pursuant to a 12b-1-distribution plan or pursuant to another arrangement as compensation for distribution or administrative services and may be paid out of the fund's assets. SagePoint and/or our advisory representatives may receive such 12b-1 fees or other compensation to the extent permitted by applicable law.

A fund that imposes a front end sales load but which waives that front-end sales load for purchases made on behalf of your account (a "front-end load" fund at net asset value) may bear 12b-1 distribution or services fees in excess of 0.25% of the Account's net assets invested in such fund (the minimum allowed for no-load funds). The 12b-1 fees deferred sales charges and other fee arrangements will be disclosed upon your request and are typically described in the applicable fund's prospectus. Because of these compensation arrangements, a conflict of interest may exist in connection with the recommendation of particular mutual fund investments for your account.

We may utilize money market funds as temporary investment vehicles as permitted by law and subject to applicable restrictions. The use of money market funds either in "sweep" arrangements, for temporary investment purposes or otherwise, may result in our firm and/or SagePoint earning advisory, distribution or other fees described herein. When permitted by law, the money market funds utilized in connection with the management programs, may be affiliated with SagePoint.

Certain money market funds pay a periodic fee (i.e. "Rule 12b1 fee") to the broker-dealer of record on the account. Our advisory representatives, may receive a portion of any Rule 12b1 fees paid to the broker-dealer from money market funds recommended to our advisory Clients. The fees earned may vary depending on the funds utilized and may be waived or credited to you against advisory fees payable to us in connection with certain programs we offer.

## **Item 12 Brokerage Practices**

We maintain relationships with multiple custodians/brokerage firms, and we typically recommend that you establish an account with SagePoint, Fidelity Brokerage Services, LLC (together with all affiliates, "Fidelity") and/or Charles Schwab & Co., Inc. ("Schwab") for custody, brokerage and trade execution and/or for various brokerage services on managed platforms.

We believe that the brokerage firms we recommend provide quality execution services for our clients at competitive and reasonable prices. While price is very important, it is not the sole factor we consider in evaluating overall best execution. We also consider and evaluate the quality of the custodial and brokerage services, including the firm's reputation and financial stability, execution capabilities, commission rates, technology, and responsiveness to our clients and our firm. The reasonableness of commissions/fees is based on several factors, including the broker's ability to provide volume discounts, execution price negotiations, prompt advisor support, and other services.

Currently, as a registered investment advisor we are able to leverage our relationships with these custodians to better serve our clients. Specifically, we have access to dedicated service and operations teams within Fidelity and Schwab and other specialty support teams via their institutional platforms, that are not available to the public at large. As such, we may receive some additional benefits from Fidelity and Schwab through our participation in their institutional programs.

Fidelity enables our firm to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As disclosed in several sections of this Brochure, persons providing investment advice on behalf of our firm who are registered representatives of SagePoint will recommend SagePoint to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from SagePoint unless SagePoint provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through SagePoint. It may be the case that SagePoint charges higher or lower transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through SagePoint, these individuals (in their separate capacities as registered representatives) may earn commission-based compensation as result of placing the recommended securities transactions through SagePoint. ***Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.***

***Please Note: SagePoint utilizes Pershing, LLC ("Pershing") and National Financial Services ("NFS") to execute advisory account transactions and to custody advisory assets in connection with the investment advisory programs described in Item 4.***

Transactions executed through Pershing and NFS are subject to our duty to obtain "best execution", i.e., a price that is as favorable to you as possible under the prevailing market conditions. While we make every attempt to obtain the best execution possible, there is no assurance that it will be obtained. You should consider whether our programs result in costs or other disadvantages to you as a result of possibly less favorable trade executions.

You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use SagePoint, you may not be able to participate in some of the investment management programs we offer.

In connection with the provision of Third Party Advisory Programs, our choice of custodian will be limited to those choices offered by the Third Party Advisory Program.

### **Research and Other Benefits**

We do not engage in any soft dollar practice. Some of our advisory representatives may receive, in their capacity as Registered Representatives of SagePoint, 12-b-1 fees from recommending investments in various mutual funds. Furthermore, such advisory representatives may also receive reimbursements and/or compensation from product sponsors for expenses arising from conducting/sponsoring client seminars, presentations and workshops that provide information regarding certain investment products. For brokerage programs provided by SagePoint, it furnishes certain materials and forms for the programs, including account agreement forms to be used by representatives of SagePoint when opening up Client accounts. SagePoint reviews and, if applicable, approves the material solely in its capacity as broker-dealer for the account.

### **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.

**Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading") because we invest primarily in Mutual Funds which do not trade in blocks.

**Item 13 Review of Accounts**

Hugh T. Boyle, IAR, or Douglas A. Maher, CCO will monitor your accounts on a continuous basis, and your designated advisory representative will contact you at least annually to review your financial status, goals and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to trading activity, changes in your financial situation or investment objectives, and per your request for an additional review of your account.

We will not provide you with additional or regular written reports in conjunction with account reviews. You will receive quarterly statements from your account custodian(s) that will contain the following information: the current market value of your portfolio, transactions, interest, dividends, and capital gains for the reporting period.

For Pension/Qualified Plan Consulting Services, we will conduct a periodic review of fund expenses, investment performance, and style drift for mutual funds offered by the Plan to participants, comparing them with other funds in the same asset category using Morningstar data from Principia and MPI Stylus. We will also provide suggestions to the Named Fiduciary from time to time as deemed warranted by the investment adviser representative for alternative mutual fund options for the Plan to make available to its participants (which decision shall remain the sole and exclusive decision of the Named Fiduciary and/or their fiduciary delegate).

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

We graciously accept referrals from our clients and they are a major growth area of our business.

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires.

You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Currently, we have a referral arrangement with Highmark Federal Credit Union.

### **Other Compensation**

As disclosed under the "Fees and Compensation" section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with SagePoint. As such, SagePoint offers our advisory representatives educational, training and incentive programs for those Advisory Representatives that meet certain sales production goals.

For more information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

### **SagePoint Financial, Inc.'s Revenue Sharing Disclosure**

SagePoint Financial, Inc. (SagePoint) maintains revenue sharing arrangements with certain mutual funds, insurance companies, direct participation programs (DPPs), real estate investment trusts (REITs), 529 plan providers, and third party money managers. These sponsors have greater access to our representatives to provide training and other educational presentations and product information so that they can serve investors better. Please visit our Web site at [www.sagepointfinancial.com](http://www.sagepointfinancial.com) to see a list of sponsors who participate in these revenue sharing arrangements.

Our SagePoint Financial Advisors (Hugh Boyle and Douglas Maher) do not receive additional compensation from SagePoint in connection with sales of certain sponsors' products as opposed to other sponsors, including some mutual fund families, insurance companies, DPP sponsors, REIT sponsors or third party money managers. In connection with sales of the sponsors' mutual funds, however, SagePoint often absorbs all or part of the nominal "ticket charge," which is normally borne by your advisor (up to \$15 per transaction).

Because of these revenue sharing arrangements, advisory representatives may prefer recommending products offered by a sponsor over other mutual funds, variable products, DPPs, REITs or third party money managers available through SagePoint. You should feel free to ask your advisory representative how he or she will be compensated for any transaction involving a sponsor's products.

*This information was updated on August 12, 2011. SagePoint will update information regarding sponsors who participate in revenue sharing arrangements with SagePoint on its website on a regular basis. You can access this updated information, and the Disclosure Document For Mutual Fund, Insurance Products, Real Estate Investment Trust, Direct Participation Program, Third Party Money Manager Investors and Expense Reimbursements at [www.sagepointfinancial.com](http://www.sagepointfinancial.com) and click on "Client Information and Disclosures".*

### **Item 15 Custody**

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

## **Item 16 Investment Discretion**

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. 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 specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

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**

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and we do not require the prepayment of fees six or more months in advance and in excess of \$1,200. Therefore, we are not required to include a financial statement with this brochure.

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

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

## **Item 20 Additional Information**

### **Your Privacy**

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

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



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

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

If your custodian is Schwab, any net gain will remain in your account unless: the same error involved other client account(s) that should have received the gain; it is not permissible for you to retain the gain; or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account, Schwab will donate the amount of any gain \$100 and over to charity.

### **Class Action Lawsuits**

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