

## **1. Advisory Services and Fees**

Financial Security Services (FSS) provides advisory services that includes asset fee based active Money Management; advice on a number of financial and non-financial topics for a flat fee concluding with a written plan; and general advice or client service at a \$180 hourly rate.

FSS manages investment portfolios for clients in accordance with their financial and risk objectives. Beyond an initial consultation provided in part or in whole by the information disclosed on the Account Application and periodic reviews at the client's request, trading is typically done in the accounts without further consultation. We do, however, reiterate portfolio strategies employed, risks taken and status to targets as part of our client communication.

The fee schedule is displayed in our money management services agreements and is found below. Clients may open accounts with cash or acceptable securities and each client will always have direct ownership in the securities in their individual account. Fees are due and payable monthly in advance.

For FSS' daily active Money Management service requiring a \$250,000 minimum, the following schedule shall apply to the portfolio:

- 2.0% on the first \$500,000 of assets;
- 1.5% on the next \$250,000 of assets;
- 1.0% on all assets over \$750,000.

For example, using the schedule above the monthly fee for a portfolio containing \$1 million is \$1,354. FSS may, in special circumstance, reduce or waive a fee at its sole discretion.

## **2. Types of Clients**

FSS provides portfolio management and advisory services primarily to individuals, small businesses, pension and profit sharing plans, trusts, estates and charitable organizations, and corporations.

## **3. Types of Investments**

In managing these accounts, we buy and sell stocks, bonds, ETFs, mutual funds, municipal securities, certificates of deposits, US government securities and other financial instruments as necessary. Options and/or margin capability must be specifically requested by the client in setting up their Custodian account. Note that

mutual funds may charge fees over and above the fees charged by FSS.

## **4. Methods of Analysis, Sources of Information, and Investment Strategies**

a) We build portfolios focused on our philosophy of controlling risk and maximizing total return. Our investing strategies can include individual stocks, mutual funds and income-generating investments to balance and diversify the portfolio, or to respond to specific client objectives. We may apply charting, cyclical, technical and fundamental economic stock analysis to determine appropriate investments and timing of buys and sells to profit from the market's trend. We determine the trend based on one or more market signals, reasonableness of cost, and respect for the needs of individual investors, including their risk tolerance profile.

b) Our investing information may come from one or more market signal services. Additionally, we may use information from any number of national economic and financial publications and websites, including The Wall Street Journal, Barron's, Yahoo Finance, Morningstar, Thompson, Briefing.com, Worden Brothers publications and Investors Business Daily.

c) Our investing strategies attempt to profit from the stock market's overall trend. The current climate leads us to seek an intermediate trend, a trend that lasts 3 months on average. However, we may also seek to profit from shorter or longer-term market trends. On occasion, we will hold securities such that we generate long-term gains or losses. But we are not driven by a 'tax-advantaged' strategy typically, meaning that our focus is profit for our clients and not necessarily on achieving tax-favored long-term gains.

We do not typically use commercial paper, U.S. Treasury securities, bank CDs, municipal securities, commodities-based contracts, or currency-based contracts in our investment strategies unless already a part of the client's managed assets or part of a client's specific program unless the economic climate warrants it.

## **5. Education and Business Standards**

We work with people and firms that can improve our service to our customers regardless of their education and business backgrounds.

## **6. Education and Business Background**

Steven E. Marcus, President and Chief Investment Officer of the firm, makes the final decisions regarding securities to be bought and sold.

Steven Marcus has a B.S. from the City University of New York, an O.D. from Penn State University, completed his Residency in Pediatric Vision at the State University of New York Yale Medical Gesell Institute in 1975. An investor for over 30 years, Steve in 2000 co-founded FSS an investment advisory firm.

Jay L Marmer, Managing Partner and co-founder of the firm, is the Chief Compliance Officer and the liaison to the regulatory bodies and runs the day to day functions of the company including customer service, marketing and sales promotion and investment and financial reporting.

Jay Marmer has a B.S. from the City University of New York, a M.S. in Financial Services and holds the designations of CLU and ChFC. He has been in the financial services business for over 30 years and formally held senior management positions in Fortune 100 companies providing investment solutions to fund pension and deferred compensation arrangements for governmental, healthcare and educational entities throughout the United States.

## **7. Other Business Activities**

We are independent and seek to provide a low-cost investment advisory service utilizing investing strategies to produce outstanding results for our clients.

If there is need for fixed life insurance, fixed annuities or long term care programs and a client wishes to have FSS be its representative, only then will FSS earn additional revenue from insurance companies.

In addition, the firm may also earn revenue from management consulting, business plan development and business strategy consultations. FSS does not sell any other product or service on behalf of anyone else.

## **8. Other Securities Industry Affiliations or Activities**

FSS and its related persons are registered investment advisors (RIA's) with the SEC are not brokers and by definition not registered with FINRA; nor have any affiliation with a broker or dealer, commodity or futures trader.

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

We do not buy or sell securities from or to any client. We do not effect securities transactions for compensation as a broker or agent for any client. We do not recommend

clients buy or sell any securities in which we have a financial interest. There may be occasions where we would recommend a fixed annuity as part of a financial plan where guarantees of principal are desired by a client. We would earn a commission from an insurance company only if the client instructs us to be their agent. We do buy and sell securities for our own accounts that we recommend to clients. We do offer and provide a copy of our code of ethics to all clients and for a prospective client upon request.

## **10. Conditions for Managing Accounts**

FSS requires a minimum balance of \$250,000 for opening or maintaining an account. For purposes of this minimum, accounts that are related are treated as a single account. However, there is a minimum management fee of \$5,000 annually regardless of account size. FSS may, at its discretion, reduce or waive this requirement.

## **11. Review of Accounts**

Accounts are reviewed by the Chief Investment Officer or his designee at least monthly to insure consistency with client's financial objectives and target asset allocation. Account reviews can also be triggered by client questions or a significant change in account balance, such as new deposits or withdrawals.

Clients receive monthly and year-end account statements from their Custodian. In addition, clients have ongoing access to web-based reports through the Custodian website. As such, FSS will provide additional account performance information and asset management allocations and other pertinent data upon request. Year-end tax reports are also generated upon client request.

## **12. Investment or Brokerage Discretion**

As a client of FSS' portfolio management service, the client gives the firm the discretion to buy and sell securities for their account. That includes the discretion over which securities to buy or sell and the amount of the sale or purchase.

The client will not be giving FSS the authority to withdraw either client's funds or securities except for management fees. It is the client's responsibility, not the Custodian's, to insure that management fees are correct by reviewing their monthly or quarterly statements.

Clients are expected to use a broker dealer recommended by the company. This improves the efficiency and effectiveness in managing the client's account, improves our service and results, and potentially reduces the client's transaction cost as we will typically have a better negotiated commission structure for the client with the broker dealer than clients can receive on their own.

Though every client's portfolio is unique, many of our clients utilize one or more of FSS' investing strategies. As these transactions are triggered by changes in the economy and the securities market, we recognize the necessity to act quickly and accurately to make appropriate portfolio changes consistent with these changes. We make every effort to insure that all clients get the best possible price by bunching together similar orders, called block trading, in an effort to achieve price consistency across accounts.

In addition, there are certain research services that the executing broker dealer provides both FSS and the client through its website. Any research services provided would be supplemental to FSS' research efforts and would be used to service all clients. Also, the fact that FSS manages assets at a particular brokerage firm may result in certain administrative benefits such as information management systems, which may integrate trading, execution, accounting, record keeping, performance measurement services and other administrative matters. Receipt of these benefits by FSS will not result in the client paying more that would otherwise be paid to the broker dealer providing the service.

### **13. Additional Compensation**

FSS may pay for referrals or share fees with other companies and or persons that direct clients to the firm. This compensation does not affect the cost to the client. Such arrangements, if any, would be entered into in accordance with the terms and conditions of Rule 206(4)-3 under the Investment Advisors Act of 1940 and any other applicable federal and state law or regulations.

### **14. Balance Sheet**

We are not required to file a balance sheet for purposes of this document. We do not custody client assets nor do we require prepayment of more than \$500 in fees six or more months in advance.