



Part 2A of Form ADV: *Firm Brochure*

Pure Financial Advisors, Inc.

SEC File Number: 801-70137

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Brochure

Dated 01/23/2012

This brochure provides information about the qualifications and business practices of Pure Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 619-814-4100 or michael.fenison@purefinancial.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 Pure Financial Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 144316.

Item 2 Material Changes

The current Form ADV dated 1/23/2012 replaces the prior Form ADV dated 3/31/2012.

This Form ADV amendment includes an increase in the asset management fee schedule from the prior Form ADV dated 3/31/2011. The new schedule applies to all new clients immediately and will be phased in for existing clients over the 2012 calendar year.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Paul Miller, COO at 619-814-4100 or info@purefinancial.com. Our Brochure is also available on our web site www.purefinancial.com, free of charge.

Additional information about Pure Financial Advisors, Inc. is available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Pure Financial Advisors, Inc. who are registered, or are required to be registered, as investment adviser representatives of Pure Financial Advisors, Inc.

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Item 4 Advisory Business

Pure Financial Advisors, Inc. (PURE) was established on March 21st, 2007 to provide strategic financial planning and asset management for mid to high net worth clients. PURE's mission is to help clients of all financial profiles achieve maximum net after-tax purchasing power relative to their own unique and changing lifetime financial goals.

PURE's vision is to serve our client's interests by bringing experienced and credentialed financial advisors together within a scalable business model that is designed to promote transparency, adhere to academic standards for financial planning and asset management while reducing conflicts of interest.

PURE's financial planners who are assigned to develop and recommend financial strategies to the client are salaried-only employees of PURE acting as the client's fiduciary. They are prohibited from benefiting financially by product commissions, production bonuses, or any other form of sales oriented compensation that may create a conflict of interest.

At a minimum, PURE's financial planners are required to be CFP Board certified planners with at least five years of financial planning experience. Within one year of hire, we require that financial planners attain the Accredited Investment Fiduciary (AIF®) credential to show a commitment to the fiduciary standard.

PURE FINANCIAL ADVISORS, INC's principal place of business is:

3131 Camino Del Rio North

Suite 1550

San Diego, CA 92108

Branch office location(s)

1900 Von Karman

Suite 600

Irvine, CA 92612

Listed below are the firm's principal shareholders. (Those individuals and/or entities controlling 25% or more of this company)

- Michael Fenison, CFP®, RFC, AIF®

Founder and CEO

PURE follows a process of educating the client, evaluating client goals and resources and then developing appropriate strategies to meet client goals. We offer assistance with implementing and monitoring client strategies to assess effectiveness towards achieving current and future client goals.

Pure Financial Advisors, Inc. offers the following advisory services to our clients:

FINANCIAL PLANNING

We provide financial planning services. Financial planning can be a limited engagement to assess, review or make recommendations on a specific issue. Financial planning can also be a comprehensive evaluation process in which numerous strategic recommendations are given. These recommendations may be applicable to the client's current and/or assumed future financial state. Variables based on the client's situation as well as historical and current market conditions may be used to project estimates of future cash flows, asset values and withdrawal strategies. Throughout the financial planning process, relevant client information and projections are considered.

The forecasted impact of this information is then analyzed over the client's expected life. Financial planning is also offered as a continuous engagement of planning review, strategic adjustments and implementation. In general, the financial planning services can address any of the following areas:

PERSONAL: We review family records, budgeting, personal liability, estate information and financial goals.

TAX PLANNING: We review the client's current tax situation including income, investments, deductions, exemptions, estate issues and current tax law to identify opportunities for reducing current and future tax liabilities.

CASH FLOW: We analyze the client's current and future cash flow needs. We then illustrate the possible impact of various tax strategies and investment decisions on the client's future ability to create the income desired.

INVESTMENTS: We analyze the client's current investment resources to determine how they might align with the client's objectives. During this analysis we review the tax efficiency, fees and expenses, diversification, risk and investment performance.

RISK MANAGEMENT: We review potential threats to the client's financial well being from unexpected circumstances and then propose strategies to manage risks. We analyze existing insurance policies to assess recommended coverage for life, health, disability, long-term care, liability, home and automobile.

ESTATE PLANNING: We assist the client in assessing and developing long-term strategies, including as appropriate; living trusts, wills, estate tax strategies, powers of attorney, asset protection plans, nursing homes and Medicaid.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and we then prepare recommendations.

Should the client implement the plan recommendations, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or investment advisor. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan recommendations are presented to the client within six weeks of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to clients regarding the investment of client funds based on the individual needs of the client. Through a financial planning process that includes personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy to manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. Individual portfolio management services are typically provided only for fixed income portfolios or to accommodate existing client assets during a limited transition period when transition to a PURE model portfolio could create short term adverse tax consequences.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

Exchange-listed securities	Corporate Debt
Municipal Debt	Mutual Funds
Government securities	Options
Real estate	Oil and Gas

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment profile in terms of risk and return over specific time horizons.

PURE has several model portfolios designed to meet specific risk and expected return profiles. The primary model classifications are as follows.

- For small accounts we maintain six model portfolios comprised of no load index funds or no transaction fee ETFs designed to provide diversification while avoiding transaction charges.
- We have ten portfolio models designed with no transaction fee exchange traded funds with equity exposure as low as 15% to as high as 100%.
- We have more than twenty five portfolio models structured with a combination of exchange traded funds, no-load index funds and institutional class mutual fund shares. These model portfolios have equity exposure from 0% to 100%.

We manage these advisory accounts on a discretionary basis. Model selection and account supervision is guided by the client's cash flow needs, risk tolerance, stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax planning considerations.

We can also manage several accounts of differing account tax structures within a single portfolio model to create a tax profile designed to be efficient.

Through our financial planning process, we include personal discussions with the client in which the client's goals and objectives are established and identified in the client Investment Policy Statement. We determine if a model portfolio is suitable to the client's circumstances. Once we determine the suitability of a model portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients retain individual ownership of all securities.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

Exchange-listed securities Mutual fund shares

Because some types of investments involve certain additional degrees of risk, they will only be implemented / recommended when consistent with the model client's investment policy statement (IPS) profile.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. Require that each Model Portfolio Management Services client engage in a process of continuous financial planning and plan implementation with PURE.
2. We match portfolio trade requests to the client's current investment policy statement.
3. Each client account utilizing a model portfolio is reviewed monthly to assure that the model and individual assets of the model portfolio are within specified model tolerances.
4. During periodic plan reviews we request any updated information regarding changes in the client's financial situation and investment objectives.
5. We are available to consult with the client regarding any changes that could affect the appropriateness of a portfolio model.
6. We maintain client suitability information in each client's records.

PENSION CONSULTING SERVICES

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

Investment Policy Statement Preparation (hereinafter referred to as "IPS"):

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

Selection of Investment Vehicles:

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

Monitoring of Investment Performance:

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. We supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

Employee Communications:

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

AMOUNT OF MANAGED ASSETS

As of 1/23/2012, PURE was actively managing \$ 435,596,760 of clients' assets. Assets of \$432,352,761 are managed on a discretionary basis plus \$3,243,999 of clients' assets managed on a non-discretionary basis.

Item 5 Fees and Compensation

FEES AND EXPENSES

PURE charges fees for advisory services such as financial planning and asset management. Limited term financial planning service fees are calculated on a flat fee basis and quoted in advance. Continuous financial planning and financial plan implementation service fees are based on client profile and may be fully offset by asset management fees. Asset management fees are based on the ending quarterly value of the asset accounts that are managed by PURE. Additional details of these fee arrangements follow:

FINANCIAL PLANNING FEES

Pure Financial Advisors, Inc.'s Financial Planning fees are determined based on the level of the services being provided and the complexity of each client's circumstances. All financial planning fees are negotiated and agreed upon prior to entering into a contract with a client. Financial planning may be available as an hourly fee service or as a flat fee for service. All financial planning services contracts may be terminated by a written notice within five days of contract signing with a full refund. Contracts terminating by written notice after five days of contract signing will receive a refund for payments received adjusted for work performed at the standard \$275.00 per hour rate for planning time actually spent. Advance payment will never exceed \$1,200 for work that will not be completed within six months. Fees for continuous engagements are prorated for the initial partial quarter and due with the next quarterly billing.

HOURLY SERVICES

Single or targeted project Financial Planning fees are estimated and charged at a rate of \$275.00 per hour with a four hour minimum. Although the length of time it will take to provide the planning or analysis will depend on each client's personal situation, we will provide an estimate for the total hours before we begin the advisory relationship. A retainer for 50% of the estimated total hours is due and paid in advance with the signed advisory contract. The balance is due upon contract completion.

LIMITED ENGAGEMENTS

We offer a flat fee limited engagement financial planning service for a limited service regarding a general "Financial Assessment" or a targeted specific issue such as a "Second Opinion" regarding a financial situation, financial product or broker recommendation. The scope of service and fee are agreed to in advance, identified in a limited engagement contract and paid in advance. Flat fee limited engagements typically range from a minimum of \$395.00 to over \$3,000.00. Fees for limited engagement contracts may be used as a credit toward a Foundation Financial Plan within one month of the completed limited engagement contract.

FOUNDATION FINANCIAL PLAN

Fees for the Foundation Financial Plan are calculated and charged on a flat fee basis, typically ranging from \$2,500.00 to over \$10,000.00 depending on complexity and the specific arrangement reached with the Client. Foundation Financial Plan fees are due and paid in advance with a signed Foundation Financial Plan contract. The standard fees for a Foundation Financial Plan are:

\$2,995.00 For Clients with a net worth of less than \$2,000,000

\$3,995.00 For Clients with a net worth of \$2,000,000.00 to \$5,000,000

\$4,995.00 For Clients with a net worth of \$5,000,000.00 to \$10,000,000

\$5,995.00+ For Clients with a net worth of \$10,000,000 or more

Plan fees may be adjusted, negotiated and quoted in advance for unique or complex situations.

CONTINUOUS FINANCIAL PLANNING AND PLAN IMPLEMENTATION (without asset management)

When PURE implements and maintains a Foundation Financial Plan through a continuous financial planning and implementation agreement, the annualized fee for continuous financial planning and implementation will be a flat fee based the Client's investable assets or the Client's total net worth, whichever fee calculation is greater. The fee is billed quarterly in arrears and due at the end of the first full quarter. If a Client terminates a continuous financial planning and asset management contract, the fee will be prorated to the date of termination.

If Pure is managing Client assets, the quarterly fee collected for asset management will be used to offset all or part of the service fees listed below. If no credits for asset management are available, the quarterly fee is billed and payable. The fee schedule for this service is as follows:

Client Investable Assets Basis:

\$0	to	\$199,999	\$2,000.00 Annually
\$200,000	to	\$349,999	\$3,000.00 Annually
\$350,000	to	\$499,999	\$4,000.00 Annually
\$500,000	to	\$649,999	\$5,000.00 Annually
\$650,000	to	\$799,999	\$6,000.00 Annually
\$800,000	to	\$1,099,999	\$8,000.00 Annually
\$1,100,000	to	\$1,999,999	\$10,000.00 Annually
\$2,000,000	to	\$4,999,999	\$12,000.00 Annually
\$5,000,000	to	\$9,999,999	\$15,000.00 Annually
\$10,000,000	to	\$50,000,000	\$20,000.00 Annually

Client Net Worth Basis:

.10% of the client's total net worth

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT or MODEL PORTFOLIO MANAGEMENT FEES

Our fees for Model Portfolio Management Services and Individual Portfolio Management are based upon a percentage of assets under management and generally range from .40% to 2.25% annually depending on the total quarterly ending value of the client's managed accounts.

Asset management fees are deducted quarterly in advance from client investment accounts. Billable account values are calculated on the last business day of the calendar quarter. Direct client billing is available for special circumstances such as ERISA limitations. Either party may terminate the advisory contract for asset management at any time without cause. Fees will be prorated to the date that written notification of contract termination is received or sent by us. We will refund the unearned portion of pre-paid asset management fees to the client. Pure Financial Advisors, Inc.'s asset management advisory fees are not negotiable.

The annualized fee for Individual or Model Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedules:

Tier 1 Clients (Clients with combined accounts totaling more than 200k)

Assets Under Management		Progressive Annual Fee		
Pure Level I	\$0	to	\$350,000	1.60% annually
Pure Level II	\$350,001	to	\$500,000	1.25% annually
Pure Level III	\$500,001	to	\$650,000	1.00% annually
Pure Level IV	\$650,001	to	\$800,000	.80% annually
Pure Level V	\$800,001	to	\$1,100,000	.70% annually
Pure Level VI	\$1,100,001	to	\$2,000,000	.60% annually
Pure Level VII	\$2,000,001	to	\$10,000,000	.50% annually
Pure Level VIII	\$10,000,001	and higher		.40% annually

Example:

If Pure is managing \$900,000 of assets for a Client household, \$350,000 @1.6%, plus \$150,000 @1.25%, plus \$150,000 @ 1.00%, plus \$150,000 @ .80%, plus \$100,000 @ .70% would equal an annual average of 1.21%.

Tier 2 (Clients with combined accounts totaling less than 200k)

Advisor's Asset Management flat fee schedule is priced as follows:

Pure Tier 2 Account Level	\$0	to	\$124,999	2.25% annually
Pure Tier 2 Account Level	\$125,000	to	\$200,000	1.75% annually

Example:

If PURE is managing \$150,000 of assets for a Client household, \$150,000 @ 1.75% would equal an annual average of 1.75%.

PENSION CONSULTING FEES

Our fees for Pension Consulting Services are the same as the financial planning fees for hourly or limited engagements as previously described under FINANCIAL PLANNING FEES.

PURE reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a Pension Consulting client chooses to engage us for our INVESTMENT SUPERVISORY SERVICES, INDIVIDUAL PORTFOLIO MANAGEMENT or MODEL PORTFOLIO MANAGEMENT.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Mutual Fund Fees: All fees paid to Pure Financial Advisors, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge (It is PURE's policy to not use funds that impose a sales charge). A client could invest in a mutual fund directly (institutional mutual funds are not directly available to individual investors), without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

ERISA Accounts: Pure Financial Advisors, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Pure Financial Advisors, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Pure Financial Advisors, Inc.'s advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

PERFORMANCE BASED FEES

Pure Financial Advisors, Inc. does not charge performance-based fees.

BLOCK TRADING

In placing its orders to purchase or sell securities in accounts, principals of the firm may elect to aggregate orders. In so doing, the firm will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of advisor's investment advisory agreement with each client for which trades are being aggregated; no advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all advisor's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction; advisor will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients.

If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement; notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved in writing by advisor's compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed.

The Advisor's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account; funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement; advisor will receive no additional compensation of any kind as a result of the proposed aggregation; and individual investment advice and treatment will be accorded to each advisory client.

Item 7 Types of Clients

Pure Financial Advisors, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)

Pure does not have a minimum asset requirement to become a client. We do require that all clients agree to follow our financial planning process before we will accept client assets for investment management.

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

PURE uses several methods of analysis as well as research produced by other firms and academics. Some of the methods of analysis used both by us and our research sources are technical analysis, fundamental analysis, modern portfolio theory, charting, asset correlation and academic based financial research. All research and analysis techniques are an attempt to look for persistent historical patterns that can be used to guide current decisions. We continually evaluate our investment strategies against the most current research data available to us as we work to improve our portfolios and financial strategies. Historical guidance is helpful but historical technical patterns are not guaranteed to repeat. The future is not predictable and therefore clients must be prepared to bear the risk of loss that is present with any investment strategy.

Pure utilizes several significant strategies in an effort to affect the net investment results of our portfolios. Our primary investment objective is to produce an acceptable level of after tax purchasing power relative to our client's unique lifetime financial goals. We use strategies that are designed to diversify investment risk, manage portfolio volatility, manage performance risk over time, manage erosion from taxes, manage erosion from expenses and manage sustainable income distributions. We use a planning process to identify the specific strategies that are most appropriate for each client. Our available strategies include the following:

- **ASSET DIVERSIFICATION STRATEGY**

We use portfolios that spread investment risk over multiple asset classes. We utilize classes such as domestic equities, international equities, domestic fixed income, international fixed income and several alternative asset classes as well as sub-sets of these broad asset classes.

- ASSET CLASS DIVERSIFICATION STRATEGY

Rather than rely on unproven methods of individual security selection, we choose to broadly diversify each asset class in our portfolios across the broad market represented by the asset class.

- ASSET ALLOCATION STRATEGY

Asset allocation is constructing portfolios with different asset classes that have a history of differing and partially offsetting volatility patterns. If the asset classes are combined in efficient proportions, the overall portfolio volatility may be reduced relative to the expected return.

- TOLERANCE BASED REBALANCING STRATEGY

All individual portfolio assets are checked against the allocation model monthly. If an individual asset within a portfolio is out of tolerance, the asset is manually reviewed for an opportunity to rebalance the portfolio.

- ASSET LOCATION STRATEGY

To manage the net after tax total return over time, we can unify multiple accounts of differing tax structures and manage them under one portfolio model. By matching the individual asset tax characteristics with a complementary account type from a tax perspective, net after tax returns may be improved. As a simplified example; if the portfolio model is 50% bonds and 50% stocks, then the bonds may be placed in an IRA because the bond interest is taxed as ordinary income and IRA distributions are also taxed as ordinary income. The stocks may be placed in a taxable or trust account because long term stock gains may be taxed at lower long term capital gain tax rates when in a taxable account. If the stocks were placed in the IRA, then the long term stock gains would be taxed at typically higher ordinary income tax rates. We have created an asset ranked tax grouping system to direct assets to an appropriate tax structure and to rebalance the overall portfolio model across multiple tax structures.

- INSTITUTIONAL CLASS ASSETS

In an effort to control investment expenses and fees, we look for and use low cost institutional solutions whenever we identify institutional investment strategies appropriate for our portfolios.

- INCOME MANAGEMENT STRATEGY

Current research indicates that certain individual factors may have a positive impact on maximizing the amount and duration of sustainable portfolio income distributions. We review and consider each of the following independent strategies to establish individual client income strategy recommendations.

Adding asset classes tends to increase sustainable withdrawal rates.

Certain asset ratios (equities vs. fixed income) tend to increase sustainable withdrawal rates.

Tax efficient asset management tends to increase sustainable withdrawal rate.

Laddering income from segmented portfolio pools tends to buffer return sequence risk.

Rules based withdrawal adjustments tend to allow for higher starting withdrawal rates.

Our retirement income management strategies incorporate some or all of these research findings to create a customized client retirement income investment strategy.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by

inaccurate or misleading information. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our financial planners teach adult education programs with a focus on retirement planning and investing. These classes are typically held at colleges and universities and may be part of the regular adult education class curriculum. Our planners may be required to register with the college as adjunct faculty and receive compensation for teaching the class.

Clients should be aware that the receipt of additional compensation by Pure Financial Advisors, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Pure Financial Advisors, Inc. attempts at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our firm conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We educate our planners regarding the responsibilities of being a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Pure Financial Advisors, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Pure Financial Advisors, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all

employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to info@purefinancial.com, or by calling us at 619-814-4100.

Pure Financial Advisors, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

Pure Financial Advisors, Inc. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are a separately licensed insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

For discretionary clients, Pure Financial Advisors, Inc. requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

As a matter of policy and practice, Pure Financial Advisors, Inc. does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Pure Financial Advisors, Inc. may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc., ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Pure Financial Advisors, Inc. is independently owned and operated and not affiliated with Schwab.

Schwab provides Pure Financial Advisors, Inc. with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Pure Financial Advisors, Inc. but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Pure Financial Advisors, Inc. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Pure participates in the institutional advisor 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. PURE receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14. below.)

Registrant serves on the TD Ameritrade Institutional Operations Panel ("Panel"). The Panel consists of approximately twenty-four independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor and their experience with TD Ameritrade's service, technology and products. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for a three year term by TDA Institutional sales, service and senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses Registrant for the travel, lodging and meal expenses Registrant incurs in attending Panel meetings. The benefits received by Registrant or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Registrant's recommendation of TD Ameritrade for custody and brokerage services.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL AND MODEL PORTFOLIO MANAGEMENT SERVICE

REVIEWS: Underlying securities within Model Portfolio Management Services accounts are continually monitored and reviewed at least monthly by the client's financial planner and/or portfolio trading and management. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews by the client's financial planner may be triggered by material changes in variables such as the client's individual circumstances.

These accounts are reviewed by one or more of the portfolio managers or planers listed below:

Michael Fenison, CFP®, RFC, AIF®

Benjamin Littman, CFP®, MBA

Matthew Horsley, CFP®, AIF®

Michael Bernier, CFP®, AIF®

Matt Balderston, CFP®, AIF®

Karen Baszak, CFP®, CLU, AIF®

Jack Dugan, MSBA, CFP®, AIF®

Michael Pash, CFP®, MBA, AIF®

Nate Ritchison, CFP®, AIF®

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from the custodian, we provide daily internet access to reports summarizing account performance, balances and holdings. Written quarterly performance reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives.

PENSION CONSULTING SERVICES

REVIEWS: Pure Financial Advisors, Inc. will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Pure Financial Advisors, Inc. will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by the client's assigned financial planner as listed above.

REPORTS: Pure Financial Advisors, Inc. will provide reports to Pension Consulting Services clients based on the terms set forth in the client's Investment Policy Statement (IPS).

FINANCIAL PLANNING SERVICES

REVIEWS: No formal reviews will be conducted for completed limited engagement agreements. Financial plans that are implemented and monitored by PURE under a continuous engagement agreement are reviewed by the client's assigned financial planner. The financial planner will review the total plan annually through a series of meetings throughout the year. In addition, other advisors listed below may review plans as part of plan supervision. Financial plans are reviewed by one or more of the following professionals:

Michael Fenison, CFP®, RFC, AIF®

Joseph Anderson, CFP®, AIF®

Alan Clopine, CPA

Benjamin Littman, CFP®, MBA

Matthew Horsley, CFP®, AIF®

Michael Bernier, CFP®, AIF®

Matt Balderston, CFP®, AIF®

Karen Baszak, CFP®, CLU, AIF®

Jack Dugan, MSBA, CFP®, AIF®

Michael Pash, CFP®, MBA, AIF®

Nate Ritchison, CFP®, AIF®

REPORTS: Foundation Financial Plans that are under a continuous monitoring agreement have multiple reports available through an encrypted client website. Limited engagement Financial Planning clients or Foundation Plan clients who do not implement through PURE will receive a completed financial plan or report documenting the planning engagement results. Additional reports will not typically be provided unless otherwise contracted for.

Item 14 Client Referrals and Other Compensation

Referrals from independent solicitors:

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral relationship.

It is Pure Financial Advisors, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

As disclosed under Item 12. above, PURE participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between PURE's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are 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 PURE participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client 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 PURE by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by PURE's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit PURE but may not benefit its Client accounts. These products or services may assist in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help PURE manage and further develop its business enterprise. The benefits received by PURE or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, PURE endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by PURE or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the PURE's choice of TD Ameritrade for custody and brokerage services.

PURE may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, PURE may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with PURE and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise PURE and has no responsibility for PURE's management of client portfolios or PURE's other advice or services. PURE pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to PURE ("Solicitation Fee"). PURE will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired PURE on the recommendation of such referred client. PURE will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

PURE's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, PURE may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, PURE has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. PURE's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account value and performance statements with our billing summary directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

Item 18 Financial Information

Pure Financial Advisors, Inc. has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Pure Financial Advisors, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.