



THE POWER of INDEPENDENCE

# Excel Financial LLC

## Client Brochure

*This brochure provides information about the qualifications and business practices of Excel Financial LLC. If you have any questions about the contents of this brochure, please contact us at (651) 388-6441 or by email at: [info@excelfinancialonline.com](mailto:info@excelfinancialonline.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 Excel Financial LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Excel Financial LLC's CRD number is: 145301*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

There are no material changes in this brochure from the last annual updating amendment of Excel Financial LLC on March 28, 2016. Material changes relate to Excel Financial LLC's policies, practices or conflicts of interests only.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

This firm has been in business since January 1, 2008, and the principal owners are James Scott Loquai and Thomas Raymond Loquai.

### B. Types of Advisory Services

Excel Financial LLC (hereinafter "Excel") offers the following services to advisory clients:

#### *Investment Supervisory Services*

Excel offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Excel creates an Investment Policy Statement for each client. The Investment Policy Statement outlines the client's current situation (i.e. income, tax levels, risk tolerance levels, etc.) and includes a plan to aid in the selection and management of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

Excel evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Excel will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Excel will typically create a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. Excel will allocate the client's assets among various instruments taking into consideration the overall management style selected by the client. Excel primarily recommends portfolios consisting of mutual funds offered by Dimensional Fund Advisors (DFA). DFA sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover. Consequently the DFA fund fees are generally lower than fees and expenses charged by other types of funds. Client portfolios may also, although rarely, include some individual equity and/or debt securities. Excel manages portfolios on a discretionary and nondiscretionary basis.

### ***Retirement Plan Administration***

Excel also offers retirement plan services. These services may be provided for a fee based on a percentage of plan assets, but are normally provided for a fixed fee consisting of a fixed base fee and a per participant fee. The total fee is calculated quarterly and billed in arrears using the participant count and total plan assets as of the last day of the preceeding quarter. To determine the quarterly fee, an annual fee is determined and then divided by four.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning, risk management and insurance planning, tax planning, retirement planning, and debt/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

### ***Services Limited to Specific Types of Investments***

Excel limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, third party money managers, REITs, insurance products including annuities and government securities. Excel may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

Excel offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (i.e. income, tax levels, risk tolerance levels, etc.) and is used to construct a client-specific plan to aid in the selection and management of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Excel from properly servicing the client account, or if the restrictions would require Excel to deviate from its recommended suite of services, Excel reserves the right to end the relationship.

## **D. Wrap Fee Programs**

Excel does not participate in any wrap fee programs.

## **E. Amounts Under Management**

Excel has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$114,156,928	\$3,639,557	12/31/2016

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Investment Supervisory Services Fees***

Standard individual investment supervisory services fees are as follows:

Total Assets Under Management	Annual Fee
\$1 - \$99,999	1.19%
\$100,000 - \$499,999	1.15%
\$500,000 - \$999,999	0.90%
\$1,000,000 - \$1,999,999	0.70%
\$2,000,000 and Above	0.50%

The fee is charged from the first dollar. This is not a scaled fee schedule. For example, assets of \$1,000,000 will be charge a standard fee of 0.70% on the entire amount.

These fees are negotiable and may be modified from time to time based on changes in service requirements, assets under management and other factors. If and when a change is planned, Excel documents the proposed change in a revised advisory services contract and reviews the proposed change with the Client as part of a scheduled review meeting. Excel does not automatically adjust the fee based on changes in account value. If a new fee is determined, it is not applied until it is documented in a new advisory services contract, discussed with the Client, and the new advisory services contract is approved and signed by the Client and Excel.

Fees are paid quarterly in arrears, and clients may terminate their contracts with thirty days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

### ***Retirement Plan Administration Fees***

Standard retirement plan investment advisory services are typically provided on fixed-fee basis that may include the following two components:

1. Base Fee – This is a fixed fee covering plan committee advisory services and will normally range from \$8,000 to \$10,000 per year depending on plan requirements.
2. Participant Fee – This is a fixed fee covering plan participant advisory services and will normally range from \$0 to \$200 per participant per year depending on the plan configuration and participant advisory support requirements.

The total fee is determined by adding the individual fee components applicable to the plan for each billing period.

These services may also be offered on an AUM-only basis with fees typically ranging from 0.40% to 1.00%.

Fees are paid quarterly in arrears.

### ***Financial Planning Fees***

#### ***Fixed Fees***

Depending upon the complexity of the situation and the needs of the client, the fixed fee for creating client financial plans is typically between \$500 and \$4,000. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

#### ***Hourly Fees***

The standard hourly fee for financial planning and investment supervisory services is \$200. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***



Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

Advisory fees may also be invoiced and billed directly to the client quarterly in arrears. Clients may select their desired billing method.

### ***Payment of Financial Planning Fees***

Hourly Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

Fixed Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Excel. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

Excel collects its fees in arrears. It does not collect fees in advance.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither Excel nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

Excel does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

Excel generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ❖ Individuals

- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

### ***Minimum Account Size***

There is an account minimum, \$100,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

Excel uses investment and portfolio allocations based on statistical models and statistical research to evaluate alternative portfolio designs. Excel evaluates the client's existing investments with respect to the client's investment policy statement. Excel works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio. Excel then monitors the client's portfolio holdings and the overall asset allocation strategy and holds regular review meetings with the client regarding the account as necessary.

Excel typically creates a portfolio of no-load mutual funds (meaning no commissions are paid), and may use model portfolios if the models match the client's investment policy. Excel allocates the client's assets among various instruments taking into consideration the overall management style selected by the client. Excel primarily recommends portfolios consisting of mutual funds offered by Dimensional Fund Advisors (DFA). DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. Consequently the DFA fund fees are generally lower than fees and expenses charged by other types of funds. Client portfolios may also, although rarely, include some individual equity and debt securities.

In select cases based on specific client requests for a particular asset management strategy, Excel may engage in other forms of methods of analysis including fundamental analysis and cyclical analysis.

***Fundamental analysis*** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. ***Cyclical analysis*** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### ***Investment Strategies***

Excel uses long term and short term trading strategies.

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

## **B. Material Risks Involved**

### ***Methods of Analysis***

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

*Cyclical analysis* assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally holds greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

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

## **C. Risks of Specific Securities Utilized**

Excel generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Excel nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Excel nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

James Crandell Long and John Patrick Moran are co-owners of Moran & Long, LLC, a CPA firm that provides accounting and tax services. Mr. Long is also the chief executive officer of Red Wing Software, Inc. From time to time, they will offer clients advice or products as part of these activities. However, such advice and products are related to those services and do not involve investment advice or financial planning advice or products.

James Scott Loquai is a licensed insurance agent. From time to time, he will offer clients advice or products from this activity. Mr. Loquai is also a board member of Lime Springs Beef, Inc. This is a separate activity and is not offered to clients of Excel by Mr. Loquai or other Excel advisor representatives.

Brent Leslie Urbach is president and owner of Blu Consulting, an IT consulting firm.

Excel always acts in the best interest of the client.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

Excel does not utilize nor select other advisors or third party managers. All assets are managed by Excel management.

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

### **A. Code of Ethics**

Excel has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

Excel does not recommend that clients buy or sell any security in which a related person to Excel has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of Excel may buy or sell securities for themselves that they also recommend to clients. Excel will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of Excel may buy or sell securities for themselves at or around the same time as clients. Excel will not trade non-mutual fund or non-ETF securities 5 days prior to or 5 days after trading the same security for clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodians were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. Excel does not charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

The custodians that we use include the following:

- TD Ameritrade Institutional – Individual Account Custody
- TD Ameritrade Trust – Retirement Plan Trust Services
- MG Trust – Retirement Plan Trust Services
- Monumental Life – Advisor-Directed Variable Annuities
- Jefferson National – Advisor Directed Variable Annuities
- TIAA-CREF – Advisor-Directed Variable Annuities

Excel also supports 529 college savings accounts for clients. Accounts are currently held in the following state 529 Plans: 1) West Virginia Smart 529 Select, 2) Wisconsin Edvest College Savings Plan, 3) Utah Educational Savings Plan, 4) Virginia CollegeAmerica.

### ***1. Research and Other Soft-Dollar Benefits***

Excel receives research, products, or other services from its custodian or another third-party in connection with client securities transactions (“soft dollar benefits”). There is no minimum client number or dollar number that Excel must meet in order to receive free research from the custodian or other third party. There is no incentive for Excel to direct clients to this particular custodian over other custodians who offer the same services. However, because this firm does not have to produce or pay for services or products it has an incentive to choose a custodian that provides those services based on its interests rather than the clients’ interests. The first consideration when recommending custodians to clients is best execution. Excel always acts in the best interest of the client.

### ***2. Brokerage for Client Referrals***

Excel receives no referrals from a custodian or third party in exchange for using that custodian or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

Excel will not allow clients to direct Excel to use a specific custodian to execute transactions. Clients must use Excel’s recommended custodian. Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, Excel may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

Excel maintains the ability to block trade purchases across accounts but will rarely do so. While block trading may benefit clients by purchasing larger blocks in groups, we do

not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least annually by James Loquai, Thomas Loquai, John Loquai, John Moran, Brent Urbach, James Long and Eric Di Natale. They are the chief advisors and are instructed to review each client's accounts with regards to their investment policies and risk tolerance levels. All accounts at Excel are assigned to these reviewers.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by James Loquai, Thomas Loquai, John Loquai, John Moran, Brent Urbach, James Long and Eric Di Natale.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Clients receiving investment supervisory services from Excel will receive a written report detailing the client's account(s) at least quarterly. This report may come from the custodian.

Clients receiving financial planning services from Excel will receive a one-time financial plan. Clients may access their plan online and may receive printed or soft copy reports from the plan. After the presentation of the plan, additional reviews and updates may be performed for a fee. As part of the subsequent reviews, additional reports may be provided and the participant may also access their plan online if desired.

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

**A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Excel does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Excel clients.

**B. Compensation to Non –Advisory Personnel for Client Referrals**

Excel does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

**Item 15: Custody**

Excel, with client written authority, has limited custody of client's assets through direct fee deduction of Excel's Fees only. If the client chooses to be billed directly by the Custodian, Excel would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

**Item 16: Investment Discretion**

For those client accounts where Excel provides ongoing supervision, the client has given Excel written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides Excel discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

**Item 17: Voting Client Securities (Proxy Voting)**

Excel will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

**Item 18: Financial Information**



### **A. Balance Sheet**

Excel does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Excel nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Excel has not been the subject of a bankruptcy petition in the last ten years.