

Item 1: Cover Page

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# ADV Part 2A: Firm Brochure

***Fiduciary Financial Partners, LLC***

***March 2018***

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Naperville, IL 60563  
FiduciaryFinancialPartners.com

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Chief Compliance Officer

This brochure provides information about the qualifications and business practices of Fiduciary Financial Partners, LLC (“FFP”). If you have any questions about the contents of this brochure, please contact us by telephone (630) 780-1534 or email [dslawson@fiduciaryfp.com](mailto:dslawson@fiduciaryfp.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 FFP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #156389.

Please note that the use of the term “registered investment adviser” and description of FFP and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure

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FFP is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure. Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

Since the last annual amendment filed on 02/15/2017, the following changes have been made:

- We have added monthly ongoing support as part of our Financial Planning & Consulting service.
- Our procedures to safeguard client assets relating to custody and third-party money movement have been updated, see Item 15.
- Our firm's ownership has changed. Please see Item 4 for more information.
- A representative of our firm is also registered with another Registered Investment Adviser. Please see Item 10 for more information.

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## Item 4: Advisory Business

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We specialize in the following types of services: Comprehensive Portfolio Management; Financial Planning and Consulting; and Retirement Plan Advisory and Consulting Services.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of Delaware. Our firm has been in business as an investment adviser since 2011 and is owned solely by NE Financial Services, Inc.

### **Types of Advisory Services Offered.**

#### **Comprehensive Portfolio Management:**

Our comprehensive portfolio management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds, mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

#### **Financial Planning and Consulting:**

We provide a variety of financial planning and consulting services to individuals, families, businesses and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: financial position, investment planning, tax management, protection planning, retirement planning, estate planning, asset allocation/investment advice, accumulation goals, education funding, business continuation strategies, business exit strategies, executive/key person compensation strategies and nonqualified deferred compensation strategies.

We also provide an update to a previous financial plan (the "Plan Update"). A Plan Update will require you to provide updated information regarding your financial needs and circumstance. You complete a detailed questionnaire and discuss your current financial resources and projected needs. We will prepare a Plan Update document that will indicate if any changes to your original financial plan are warranted. You have the sole responsibility for determining whether to

implement the recommendations in the Plan Update. The Plan Update may include general recommendations about investment strategies, but does not recommend the purchase or sale of specific products.

### **Retirement Plan Advisory and Consulting Services:**

We provide retirement plan advisory and consulting services to employer plan sponsors.

We may perform the following Fiduciary Services:

- Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the retirement plan ("Plan") in accordance with the Plan's investment policies and objectives. Client shall have the final decision-making authority regarding the initial selection, retention, removal and addition of investment options.
- Assist the Client with the selection of a broad range of investment options consistent with ERISA section 404(c) and the regulations thereunder.
- Assist the Client in the development of an investment policy statement (IPS). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain or remove and replace investment options.
- Meet with Client on a periodic basis to discuss the reports and the investment recommendations.
- Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative ("QDIA") for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election.

The Client retains the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).

We may perform the following Non-Fiduciary services:

- Assist in the education of the participants in the Plan about general investment principles and the investment alternatives available under the Plan. Client understands that Adviser's assistance in participant investment education shall be consistent with and within the scope of Department of Labor Interpretive Bulletin 96-1 ((i.e., the definition of investment education). As such, the Adviser is not providing fiduciary advice (as defined in ERISA) to the participants. Adviser will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.

- Assist in the selection of a plan provider based on research and analysis of vendors, including an evaluation of administrative, recordkeeping, compliance, and employee communications services, administrative and investment-related fees, and an investment overview that incorporates a very similar analysis to the investment due diligence process described above.
- Prepare quarterly market reviews to help inform and educate Client on the prevailing capital markets.
- Provide detailed reviews that include an analysis of relevant design features, including; age and service eligibility requirements, vesting, employer contribution formulae; and other relevant design features.
- Facilitate plan conversions by generally overseeing process and providing sample letters and correspondence related to the plan conversion.
- Provide checklists, plan design analysis, and other analyses to address plan compliance and efficiency. Such review may include a list of action items and suggestions, based on plan dynamics and discussions with the Plan's fiduciaries.
- Respond to ongoing questions, concerns, and issues raised by the Client that are related to the Plan. Such services include plan pricing and contract negotiation with current providers, recommendations of specific Plan enhancements, helping solve service, administrative, recordkeeping issues, and plan compliance assistance.

Adviser may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between Adviser and Client.

Our Retirement Plan Advisory and Consulting Services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in Appendix A of the Retirement Plan Advisory and Consulting Services Agreement).

### **Tailoring of Advisory Services.**

We offer individualized investment advice to clients for our Comprehensive Portfolio Management service. Additionally, we offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning and Consulting and Retirement Plan Advisory and Consulting Services.

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account.

### **Participation in Wrap Fee Programs.**

We do not offer wrap fee programs.

## Regulatory Assets Under Management.

We manage \$239,128,000 on a discretionary basis and \$12,518,000 on a non-discretionary basis as of December 31, 2017.

Additionally, assets under advisement for retirement plan accounts amount to \$138,449,000.

## Item 5: Fees & Compensation

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We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally negotiable.

### Compensation for Our Advisory Services.

#### Comprehensive Portfolio Management:

Assets under Management	Annual Percentage of Assets Charged:
First \$500,000	1.00%
Next \$500,000	0.85%
Next \$1 million	0.70%
Next \$2 million	0.55%
Next \$2 million	0.40%
Next \$4 million	0.35%
Assets in excess of \$10 million	0.30%

Our fees for Comprehensive Portfolio Management are billed on a pro-rata annualized basis. The fees may be billed monthly or quarterly in arrears, depending upon the advisory agreement. In rare cases, we may offer a flat fee.

Client acknowledges the fees it is paying for the management of a portion of the assets may be higher than the fees described. In addition, Client acknowledges and agrees that the Additional Fees may increase or decrease over time due to changes in asset level and/or Advisors, and Client authorizes our firm to consent to such changes on its behalf.

Client authorizes our firm or its designee (which may also be an Advisor) to deduct the fees and the Additional Fees directly from one or more accounts holding assets by directing the relevant Custodian to remit the appropriate amounts directly to our firm or its designee. Our firm or its designee will disburse such amounts to the relevant parties as compensation for the services provided. Client acknowledges and agrees that if there is not enough liquid cash in its accounts, our

firm or its designee will instruct the relevant custodian to liquidate the necessary positions in such accounts to cover the amount of the fees and the Additional Fees.

Accounts separately managed by third party professional portfolio management firms will incur commission and/or transaction fees, though we may in certain cases pay a portion of third party fees.

### **Retirement Plan Advisory and Consulting Services:**

Your specific fee arrangements may vary from other clients' fee arrangements for similar services. Our fees for Retirement Plan Advisory and Consulting Services can involve (1) an annual asset-based fee, (2) an annual flat/fixed fee, or (3) a combination of both. The fee will not exceed 1% and will be detailed in the advisory agreement.

Fees shall be based on the fair market value of the Plan assets on the last day of the calendar month and will be paid monthly or quarterly in arrears by the Client directly, paid out of Plan assets, or paid by the Plan's investment Recordkeeper as a fee offset pursuant to Client's instructions. Alternatively, fees may be paid quarterly in arrears.

### **Description of whether we deduct fees from clients' assets or bill clients for fees incurred.**

### **Comprehensive Portfolio Management:**

Fees will generally be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- You provide authorization permitting us to be directly paid by these terms;
- If we send a copy of our invoice to You, we send a copy of our invoice to the independent custodian at the same time we send the invoice to You;
- If we send a copy of our invoice to You, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940.\*\*

\*In rare cases, we will agree to directly bill clients as an option to our comprehensive portfolio management clients.

\*\*The legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

### **Financial Planning and Consulting:**



We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

### **Retirement Plan Advisory and Consulting Services:**

If Client elects to have fees deducted from Plan Assets, Client grants Adviser the authority to have fees that are chargeable to the Plan automatically deducted from the Plan's accounts held by the Recordkeeper (or other custodian of Plan assets, herein also referred to as the "Recordkeeper") and paid directly to Adviser upon Recordkeeper's receipt of the billing notice. A quarterly statement setting forth the fees deducted from the Plan (as well as identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period) shall be provided to the Plan by the Recordkeeper. The specifics of any arrangement will be set forth in the Retirement Plan Advisory and Consulting Services Agreement.

Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

**We must disclose if client's advisory fees are due quarterly in advance. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

An advisory client has a right to terminate the contract without penalty within five (5) business days after entering into the contract. If you wish to terminate our services, you need to contact us in writing and state that you wish to cancel the Agreement.

We charge our advisory fees quarterly or monthly in arrears. Upon receipt of your letter of termination, we will proceed to close out your account and charge you a pro-rata advisory fee(s) for services rendered up to the point of termination.

### **Commissionable Securities Sales.**

John Hillman may sell securities for a commission. In order to sell securities for a commission, John Hillman is a registered representative of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and member FINRA/SIPC. He may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- Presents a conflict of interest and gives John Hillman an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise:
  - when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation John Hillman may earn and may not necessarily be in the best interests of the client;
  - when recommending commissionable mutual funds, explaining that “no-load” funds are available through our firm if the client wishes to become an investment advisory client.
- In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.
- Does not reduce your advisory fees to offset the commissions John Hillman receives.

## Item 6: Performance-Based Fees & Side-By-Side Management

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We do not charge performance fees to our clients.

## Item 7: Types of Clients & Account Requirements

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We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Pension and Profit Sharing Plans.

We do not have requirements for opening and maintaining accounts or otherwise engaging us.

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

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**Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.**

### **Methods of Analysis:**

- Fundamental;
- Cyclical.

### **Investment Strategies we use:**

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);

- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;
- Option writing, including covered options, uncovered options or spreading strategies.

*Please note:*

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Our practices regarding cash balances in client accounts, including whether we invest cash balances for temporary purposes and, if so, how.**

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to comprehensive portfolio management, as applicable.

## Item 9: Disciplinary Information

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We have determined that our firm and management have nothing to disclose under the aforementioned standard.

## Item 10: Other Financial Industry Activities & Affiliations

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### **Our firm or our management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. The details are as follows:**

John Hillman, investment adviser representative, is a registered representative of Purshe Kaplan Sterling Investments, Inc. ("PKS"), member FINRA/SIPC. Fiduciary Financial Partners, LLC is not affiliated with PKS. John Hillman may offer securities and receive normal and customary commissions as a result of securities transactions. A conflict of interest may exist as these commissionable securities sales may create an incentive to recommend products based on the compensation he may earn and may not necessarily be in the best interests of the client.

### **Our firm or our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool**

**operator, a commodity trading advisor, or an associated person of the foregoing entities. The details are as follows:**

We have nothing to disclose in this regard.

**Description of any relationship or arrangement that is material to our advisory business or to our clients, that we or any of our management persons have with any related person listed below. We are required to identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how we address it.**

Representatives of our firm are independently licensed insurance agents. In such capacity, they may offer insurance and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that they may recommend the purchase of an insurance product in which they receive the resulting commission. In order to minimize this conflict of interest, they will place client interests ahead of their own interests and adhere to our firm's Code of Ethics as well as clearly explaining this conflict when recommending any such products to our clients. Clients are not obligated to purchase these products.

John Eberle of our firm are also an Investment Adviser Representative of Taiber, Kosmala & Associates, LLC, which is also a Registered Investment Adviser. As a result of this relationship, Mr. Eberle may receive normal and customary fees. Mr. Eberle will not solicit ACI's clients to engage with the above-mentioned firm for any services. It is our fiduciary duty to make every effort to put our client's best interest before our own and to comply with our firm's Code of Ethics.

**If we recommend or select other investment advisers for our clients and we receive compensation directly or indirectly from those advisers, or we have other business relationships with those advisers, we are required to describe these practices and discuss the conflicts of interest these practices create and how we address them.**

We may recommend other investment advisers for our clients and receive compensation from those advisers. The compensation paid to us by other investment advisers may vary, and thus, there may be a conflict of interest in recommending an investment adviser who shares a larger portion of its advisory fees over another. Prior to referring clients to other investment advisers, we will ensure they are properly licensed, notice filed or exempt. A potential conflict of interest in recommending other investment advisers may be an incentive for us to select a particular investment adviser over another in the form of fees or services. In order to minimize this conflict, our firm will make our selections in the best interest of our clients.

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

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## **Brief description of our Code of Ethics adopted and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.**

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

**If our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.**

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

**If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related**

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

**person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.**

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

### **Compliance with Department of Labor Fiduciary Rule**

Our firm provides investment advice to assets affected by the Department of Labor ("DOL") Fiduciary Rule for a level fee. As such, we abide by the Impartial Conduct Standards as defined by the DOL. To comply with these standards, our firm and our advisors give advice that is in our clients' best interest, charge no more than reasonable compensation (within the meaning of ERISA Section 408(b)(2) and Internal Revenue Code Section 4975(d)(2), and make no misleading statements about investment transactions, compensation, conflicts of interest, and any other matters related to investment decisions.

As a level-fee fiduciary, we maintain a non-variable compensation structure that is provided on the basis of a fixed percentage of the value of assets or a set fee that does not vary with the particular investment recommended, as opposed to a commission or other transaction based fee.

## **Item 12: Brokerage Practices**

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### **Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments

- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm recommends that clients establish brokerage accounts with TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA (“TDA”), Schwab Advisor Services division of Charles Schwab & Co., Inc. (“Schwab”), Bright Directions, American Funds or The Vanguard Group, Inc. (“Vanguard”). TDA, Schwab, Bright Directions, American Funds and Vanguard (collectively hereinafter referred to as our “Custodians”) offer to independent investment advisers non-soft dollar services through our participation in these programs. These services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients but may benefit our firm. Our firm is independently owned and operated and unaffiliated with Custodians.

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

**If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.**

Our Custodians may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by our Custodians may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by our Custodians to our firm in the performance of our investment decision-making responsibilities. Some services such as Morningstar, Orion, and UPS are provided to us at negotiated rates.

- a. Explanation of when we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.**

The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving best execution.**

As a result of receiving the services discussed in 12A(1)a of this Firm Brochure for no additional cost, we may have an incentive to continue to use or expand the use of our Custodians' services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with our Custodians and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

Our Custodians charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Our custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Our Custodians' commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by our Custodians may be higher or lower than those charged by other custodians and broker-dealers.

- c. Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).**

Our clients may pay a commission to our Custodians that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

- d. Disclosure of whether we use soft dollar benefits to service all of our clients' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.**



Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

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

**If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (i.e., the system of controls used by us when allocating brokerage).**

Our firm does not use client brokerage to compensate or otherwise reward brokers for client referrals.

## **3. Directed Brokerage.**

- a. If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their clients to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of client transactions, and that this practice may cost our clients more money.**

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, or the commission rates at which such securities transactions are effected.

### *Special Considerations for ERISA Clients*

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

- b. If we permit a client to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.**

See Item 12A(3) of this Brochure.

**Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.**

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## Item 13: Review of Accounts or Financial Plans

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**Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.**

We review accounts on at least a quarterly basis for our clients subscribing to our Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

Retirement Plan Advisory and Consulting Services clients receive reviews of their pension plans for the duration of the Retirement Plan Advisory and Consulting Services. We also provide ongoing services to Retirement Plan Advisory and Consulting Services clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

**Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.**

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

### **Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.**

We may provide quarterly written reports to clients. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to our Comprehensive Portfolio Management service.

Financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

Retirement Plan Advisory and Consulting Services clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Retirement Plan Advisory and Consulting Services.

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

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**If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.**

*TD Ameritrade:*

We participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our 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 our firm's 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 us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are

intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

*Schwab:*

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers that have their clients maintain accounts at Schwab. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

**If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.**

We have nothing to disclose in this regard.

## Item 15: Custody

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Our firm does not have custody of client funds or securities. All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### Third Party Money Movement

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian, TD Ameritrade:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.

- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## Item 16: Investment Discretion

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Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Comprehensive Portfolio Management clients. We do not take or exercise discretion with respect to our other clients.

## Item 17: Voting Client Securities

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We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

## Item 18: Financial Information

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Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our firm has never been the subject of a bankruptcy proceeding.