
Schnall Advisory Services, Inc.

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FIRM BROCHURE AND BROCHURE SUPPLEMENT

(Parts 2A and 2B of Form ADV)

This firm brochure and brochure supplement provides information about the qualifications and business practices of Schnall Advisory Services, Inc. If you have any questions about the contents of this firm brochure and brochure supplement, please contact us at 212-967-6155 or by electronic mail at schnalladvisory@gmail.com. The information in this firm brochure and brochure supplement has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Schnall Advisory Services is available on the website maintained by the Securities and Exchange Commission at www.adviserinfo.sec.gov.

April 20, 2016

Item 2—Material Changes

This firm brochure was last amended in connection with the 2016 annual updating amendment filed in February 2016. This amendment adds information about the code of ethics and the chief compliance officer.

We will further provide you with an updated firm brochure as necessary based on changed or new information, at any time, without charge. The firm brochure may be requested by contacting Darin Schnall by telephone at 212-967-6155 or by electronic mail at schnalladvisory@gmail.com.

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Item 4—Advisory Business

Firm Description

Schnall Advisory Services, Inc. (the “Advisor”) was founded in June 1995 by Darin Schnall, who owns all of the stock of the Advisor. The Advisor is registered as an investment advisor with the Securities and Exchange Commission (the “SEC”).

The Advisor provides personal financial planning and investment management to individuals, families, trusts, and estates. The Advisor works with its clients to define their financial objectives and to develop strategies for reaching those objectives. These strategies may include the identification of financial goals, tax planning, investment management, education funding, retirement planning, risk management, estate planning, charitable giving, and other client-specific issues.

The Advisor is compensated solely by fees paid by its clients. The Advisor does not receive commissions based on client purchases of any financial product or any insurance. No commissions in any form are accepted. No referral fees are paid or accepted. No so-called soft-dollar benefits are received from custodians or other broker-dealers based on client securities transactions. The Advisor does not participate in any wrap-fee programs.

All client assets are held in client names by independent custodians, including Fidelity Investments and TD Ameritrade.

Types of Advisory Services

Through Mr. Schnall, the Advisor provides professional asset management services, wealth management, and financial planning on behalf of its advisory clients. These professional asset management services involve furnishing continuous asset-management advice and asset-allocation advice. The Advisor also provides analysis and specific strategies in the following areas: retirement planning, investment asset allocation, income tax planning, college funding, cash and debt management, insurance, and estate planning. The Advisor also provides financial planning services and tax preparation, in some cases for clients for which the Advisor does not manage client accounts. All written reports in connection with advisory services are customized based on the specific objectives of each client and are reviewed with the client.

In performing its services, the Advisor is not required to verify any information received from a client or from the other professional advisors of the client. It remains the responsibility of the client to promptly notify the Advisor when there is any change in his or her financial situation or financial objectives. This notification will permit the Advisor to review, evaluate, or perhaps revise previous recommendations.

Tailored Relationships

Advisory services are tailored to the individual needs of the client, taking into account his or her risk tolerance, age, assets, and income and other considerations. Client goals and

objectives are clarified in periodic meetings and through correspondence, and the information gained is used to determine the course of action for each client. The goals and objectives of each client are documented in the client relationship management system used by the Advisor and in electronic or paper client files.

Managed Assets

As of March 31, 2016, the Advisor managed approximately \$92,500,000 in client assets. All assets are managed on a fully discretionary basis.

Item 5—Fees and Compensation

The Advisor bases its fees on a percentage of assets under management. The Advisor may also charge some client fixed fees or hourly fees.

Standard Fees and Billing Practices

The standard asset-based fee of the Advisor for a client is 1.00% per year for up to \$1 million of assets under management and 0.75% per year for assets of \$1 million and above. Fees are negotiable depending on the type and size of an account and the particular circumstances of the client. Advisory fees solely for comprehensive financial planning typically do not exceed \$10,000 for each plan or update of a plan. The hourly rate solely for financial planning advice is \$400, with a four-hour minimum. All client fee arrangements are set forth in a written agreement. The Advisor reserves the right to vary the fees for any client account.

The Advisor typically collects its fees by debiting client accounts. Clients may choose to be billed for fees. Fees are payable quarterly in arrears. A prorated fee is charged for any period less than the full calendar quarter. Clients whose cash balances are swept into money-market funds or who are invested in mutual funds may be paying two advisory fees—one to the investment manager of the money-market fund or mutual fund and one to the Advisor. Clients are encouraged to carefully review any prospectus or offering documents relating to investments in their accounts. The Advisor endeavors to recommend so-called no-load mutual funds and exchange-traded funds that do not have a sales charge.

Other Fees

Custodians may charge transaction fees on purchases and sales of mutual funds, stocks, bonds, and exchange-traded funds. These transaction charges are typically small in relation to the size of the transaction and usually range between \$7.95 and \$30.00.

The investment managers of mutual funds and exchange-traded funds generally charge a management fee for their services as investment managers. This management fee is an expense of the fund. Fund fees also include transaction charges for the purchase or sale of

securities by the fund and other fees as disclosed in the fund prospectus. These fees are in addition to the fees paid by the client to the Advisor.

Additional Information

The Advisor is compensated solely by fees paid by its clients. The Advisor does not receive commissions based on client purchases of any financial product or any insurance. No commissions in any form are accepted.

Item 6—Performance-Based Fees and Side-by-Side Management

Because of the potential conflict of interest, the Advisor does not charge performance-based fees, which are based on a share of the capital gains on or the capital appreciation of client assets. Performance-based compensation may create an incentive for an investment manager to recommend an investment that may carry a higher degree of risk to a client. The nature of asset-based fees allows the Advisor to participate in the growth of client wealth. Because they are based on a percentage of assets under management, asset-based fees also decline when a client portfolio declines in value.

Item 7—Types of Clients

The Advisor provides investment advice to individuals, families, trusts, and estates, including individual retirement and profit-sharing plans. The minimum initial account size is \$2 million. The Advisor reserves the right to vary the minimum initial account size.

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

Methods of Analysis

The security analysis methods of the Advisor focus on fundamental analysis. The main sources of information include Morningstar reports, fund prospectuses, financial newspapers and magazines, research materials prepared by others, filings with the SEC, and annual reports. The Advisor also participates in onsite and offsite presentations by fund and portfolio managers, investment webinars, conference calls, and industry conferences.

Investment Strategies

The primary investment strategy that the Advisor typically uses for clients focuses on strategic asset allocation. Portfolios are generally globally diversified to endeavor to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives, income needs, and income tax situation outlined by the client. A client may change his or her objectives at any time by contacting the Advisor. Client goals and objectives, and any changes, are reviewed during meetings and through correspondence with the client. Each client portfolio is constructed solely for that client. The Advisor does not use model portfolios or use composites to illustrate results.

Risk of Loss

All investment programs and securities involve risks that are borne by the investor. The investment approach of the Advisor keeps the risk of loss in mind. As with all investments, clients face investment risks, including but not limited to loss-of-principal risk, interest-rate risk, market risk, inflation risk, business risk, liquidity risk, and financial risk.

The performance of an investment account at the Advisor is critically dependent on the efforts of Mr. Schnall. Biographical information about Mr. Schnall is included in the supplement at the end of this brochure. Mr. Schnall devotes the time and effort that he deems necessary to the supervision of client accounts, but he has other business responsibilities. The past performance of the Advisor and Mr. Schnall may not be indicative of future results.

Item 9—Disciplinary Information

The Advisor and its employees have not been involved in any legal or disciplinary events related to past or present business activities.

Item 10—Other Financial Industry Activities and Affiliations

The Advisor provides tax planning and preparation to a limited number of clients. The Advisor is a member of the American Institute of CPA's.

The chief compliance officer of the Advisor is an attorney who practices through a professional services corporation. She serves as chief compliance officer for several other investment advisors and one broker-dealer. In addition, the chief compliance officer is a registered representative of a broker-dealer in her capacity as chief compliance officer of the broker-dealer. She does not purchase or sell securities in connection with her duties. The broker-dealer is not affiliated with the Advisor. The Advisor believes that these arrangements create no material conflicts of interest.

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

Code of Ethics

The supervised persons of the Advisor have committed to a written code of ethics. This code of ethics requires the Advisor and its supervised persons to comply fully with all applicable laws, including federal securities laws, in conducting investment advisory services and related activities. The chief compliance officer of the Advisor is responsible for overseeing strict adherence to the code of ethics. The Advisor will provide a copy of the code of ethics to any client or prospective client upon request.

The code of ethics of the Advisor is based on the principle that the Advisor has a fiduciary obligation to its clients. In this fiduciary capacity, the Advisor and its personnel are required to place the interests of clients before their own interests. The Advisor seeks to avoid conflicts of interest with its clients and will take appropriate steps consistent with its code of ethics to resolve any conflicts of interest that may arise.

The code of ethics and other compliance procedures establish policies and procedures in a number of areas, including the treatment of confidential proprietary information, recordkeeping, conflicts of interest, and personal securities transactions.

Violations of Law

The chief compliance officer of the Advisor conducts compliance reviews at least annually and periodically monitors for indications of potential violations of law or the code of ethics. In addition, the Advisor has a written policy that requires personnel to report any suspected violations of the policies or procedures in the compliance manual or federal securities laws to Mr. Schnall or the chief compliance officer. The Advisor would investigate any such report and would not retaliate against someone who makes a report in good faith.

Participation or Interest in Client Transactions

The Advisor, Mr. Schnall, and the other supervised persons of the Advisor may from time to time have a direct or indirect interest in a security that is purchased, sold, or otherwise traded in client accounts and may effect transactions in the security for client accounts that may be the same as or different from the actions that the Advisor or such a supervised person may take with respect to its, his, or her accounts.

As an agent for a client, the Advisor may effect transactions in securities while also acting as agent for another client who is the counterparty to the transaction.

Personal Trading

The Advisor permits its supervised persons to purchase and sell securities for their personal accounts and for the accounts of persons and entities related to them, so long as the supervised persons are in compliance with the code of ethics. These securities may be among those recommended to clients.

The code of ethics requires supervised persons to obtain clearance in advance from the chief compliance officer with respect to all proposed securities trading for their personal accounts and for the accounts of related persons related to initial public offerings or limited offerings. The code of ethics also requires supervised persons to disclose to the chief compliance officer all of their reportable personal securities holdings and to provide the chief compliance officer with quarterly holdings and transaction reports. In addition, the Advisor has a written insider trading policy that is designed to prevent the improper use of material nonpublic information.

Item 12—Brokerage Practices

Selecting Brokerage Firms

The Advisor recommends two broker-dealers, Fidelity Investments and TD Ameritrade, to serve as custodians of client accounts. These custodians are recommended based upon their perceived integrity and financial position, the ability to execute orders at low commission rates, and the quality of their client service. The Advisor does not receive fees or commissions from either custodian but does receive electronic delivery of client information and Internet-based trading platforms. No all investment managers require their clients to use particular broker-dealers as account custodians.

The Advisor reviews trading fees annually. The Advisor does not receive any portion of these trading fees.

Soft Dollars

The Advisor does not receive soft-dollar benefits from the custodians or other broker-dealers to which clients are recommended.

Directed Brokerage

The Advisor does not permit clients to direct brokerage of their accounts to custodians other than Fidelity Investments and TD Ameritrade. The Advisor reserves the right in the future to permit clients to direct brokerage.

Item 13—Review of Accounts

Periodic Reviews

The frequency of reviews of a client accounts depends upon the client. The Advisor reviews the portfolios of, and all transactions entered into for, its clients to ensure that correct trades have been made. Internal evaluations of each client account are conducted on a monthly basis to review asset allocations and investment performance.

All accounts are reviewed on a periodic basis by the Advisor to ensure adherence with client objectives and guidelines. Each client is encouraged to keep the Advisor informed as to any personal changes in his or her financial condition. The Advisor is unable to make important changes to a client portfolio if the Advisor is not informed of new developments. Therefore, a client that experiences any significant financial developments should inform the Advisor immediately.

Review Triggers

Client account reviews are performed more frequently when market conditions dictate or when client objectives change. An investment review may also be triggered by a client request, changes in market conditions, new information about an investment, changes in tax laws, and other important changes.

Regular Reports

Financial reports and updates are provided directly to clients upon request. These reports may include account performance, portfolio holdings, asset allocation analysis, and updates to financial plans. In addition, clients receive custodial account statements detailing their asset positions and any trades that have occurred since the last statement.

Item 14—Client Referrals and Other Compensation

Client Referrals

Referrals have come from current clients, accountants, and other sources. The Advisor does not pay for referrals.

Item 15—Custody

Account Statements

All client assets are held by qualified custodians, which provide account statements either directly to clients at their addresses of record, usually monthly. If clients have signed up for electronic delivery of their account statement, they receive an electronic

communication monthly that statements are available online. Clients are encouraged to carefully review the statements provided by custodians.

Custody

The Advisor is permitted to debit client account directly to pay advisory fees. As a result, the Advisor may be deemed to have custody of client funds. The Advisor does not have custody other than through its ability to debit client accounts to pay fees.

Item 16—Investment Discretion

The Advisor accepts discretionary authority from each client to select his or her investments that are managed by the Advisor. This discretion is to be exercised in a manner that is consistent with any investment guidelines and the stated investment objectives for the particular client. Discretionary trading authority facilitates placing trades in client accounts, so that the Advisor may promptly implement the investment policy that a client has approved.

Item 17—Voting Client Securities

As a matter of policy and practice, the Advisor does not have authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. The Advisor will provide a copy of its proxy-voting policy and procedures to any client or prospective client upon request.

Item 18—Financial Information

The Advisor does not have any financial impairment that will preclude it from meeting its contractual commitments to its clients.

Item 19—Requirements for State-Registered Advisors

This item is not applicable.

BROCHURE SUPPLEMENT

Item 2—Educational Background and Business Experience

Darin Schnall

Born 1958

B.A. in Accounting, Rutgers University, 1979

M.B.A. in Finance, Rutgers Business School, 1982

Certified Public Accountant, 1982

Certified Financial Planner™, 1989

Mr. Schnall founded Schnall Advisory Services, Inc. in 1995 and has served as its president since inception. He specializes in wealth management for corporate executives and high net-worth individuals. Mr. Schnall brings over thirty years of experience to his clients.

Item 3—Disciplinary Information

This item is not applicable.

Item 4—Other Business Activities

This item is not applicable.

Item 5—Additional Compensation

This item is not applicable.

Item 6—Supervision

Mr. Schnall is responsible for all of his own activities and the activities of the Advisor. Kathryn Beller, the chief compliance officer of the Advisor, is responsible for supervising Mr. Schnall from a compliance standpoint. Mr. Schnall, the president of the Advisor, may be reached by telephone at 212-967-6155. Ms. Beller may be reached by telephone at 845-270-9025.

Item 7—Requirements for State-Registered Advisors

This item is not applicable.