

# Disclosure Brochure

March 12, 2014

## **Personal Financial Consultants, Inc.**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Personal Financial Consultants, Inc. (hereinafter "Personal Financial"). If you have any questions about the contents of this brochure, please contact Loren B. Kayfetz at (888) 557-3272. 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 Personal Financial Consultants, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The firm's CRD number is 26440.

Personal Financial Consultants, Inc. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

This Item discusses only the material changes that have occurred since Personal Financial's last annual update filed on February 5, 2013. Personal Financial does not have any material changes to report pursuant to this Item.

## Item 3. Table of Contents

### Firm Disclosure Brochure

Item 1. Cover Page .....	i
Item 2. Material Changes .....	ii
Item 3. Table of Contents .....	iii
Firm Disclosure Brochure .....	iii
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	6
Item 6. Performance-Based Fees and Side-by-Side Management .....	8
Item 7. Types of Clients .....	8
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9. Disciplinary Information .....	11
Item 10. Other Financial Industry Activities and Affiliations .....	11
Item 11. Code of Ethics .....	11
Item 12. Brokerage Practices .....	12
Item 13. Review of Accounts .....	15
Item 14. Client Referrals and Other Compensation .....	15
Item 15. Custody .....	15
Item 16. Investment Discretion .....	16
Item 17. Voting Client Securities .....	16
Item 18. Financial Information .....	16

## Item 4. Advisory Business

Since 1985, Personal Financial's approach to investment management has been based on the belief that all clients are not created equal. Each relationship the firm builds is personal because the goals of its clients are personal to the firm. Personal Financial's team develops relationships with those it serves—knowing that there are often financial implications and considerations with even the most common of life events. Personal Financial wants to personally work with clients to advocate for their financial well-being.

Prior to engaging Personal Financial to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Personal Financial setting forth the terms and conditions under which Personal Financial renders its services (collectively the "Agreement").

Personal Financial has been a registered investment advisor since 1985. Loren B. Kayfetz is the sole owner of the firm. As of February 7, 2014, the firm has \$176,235,286 of assets under management, \$139,350,362 of which are managed on a discretionary basis and \$36,884,924 are managed on a non-discretionary basis.

This Disclosure Brochure describes the business of Personal Financial. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Personal Financial's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Personal Financial's behalf and is subject to Personal Financial's supervision or control.

### Investment Management Services

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Clients can engage Personal Financial to manage all or a portion of their assets on a discretionary or non-discretionary basis. Client accounts are monitored and reviewed on at least a quarterly basis and whenever there is a change in the management or ownership of any mutual fund in which the client is invested. They are also reviewed at such times as Personal Financial determines that in its judgment there has been a change in the capital markets, economy or other market forces which make a review useful.

Personal Financial primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities in accordance with the investment objectives of the client. Personal Financial also provides advice about any type of existing investment held in clients' portfolios.

Personal Financial tailors its advisory services to the individual needs of clients. Personal Financial consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Personal Financial ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance. Clients are advised to promptly notify Personal Financial if there are changes in their financial situation or investment

objectives, or if clients wish to impose any reasonable restrictions upon the firm's management services. Clients may impose reasonable restrictions on the management of their account(s) (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Personal Financial's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Financial Planning and Consulting Services**

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Personal Financial may provide clients with a broad range of financial planning and consulting services. These services may include business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client. The consultation and advice is based upon the client's existing financial situation and financial objectives. Personal Financial will prepare and deliver a written report containing recommendations which will take into consideration the client's stated assets, liabilities, earnings, personal/family obligations, and willingness to assume risk. Personal Financial will be available to review and discuss the report with the client after it has been delivered to the client and clients are encouraged to request this review.

The firm offers two types of financial planning services:

#### *Modular Financial Planning Reports*

Personal Financial offers cost-effective basic financial plans to certain clients. Investment and insurance advice is provided on a general basis and helps clients plan their insurance and investments in terms of types and allocation amounts to help meet current and future needs. Specific investment advice is limited to existing investments and insurance, and generally limited to advice on whether to sell, purchase or alter an allocation.

#### *Comprehensive Financial Plans*

Personal Financial offers comprehensive financial plans, covering retirement planning, education funding, estate planning, tax planning, insurance planning, cash flow and budget planning. This process entails accumulating a client's financial data, analyzing it, doing calculations and projections to determine what actions should be considered to meet the client's goals and objectives. The plan is implemented and then monitored on a regular basis for ongoing investment management clients.

#### *General Consulting*

Personal Financial may offer investment consulting services to businesses, qualified retirement plans, individuals, foundations and/or non-profit organizations to fulfill the fiduciary responsibility for prudent investment management or preserving business investment assets and assets managed (such as retirement plans) held outside the firm's management purview.

## Personal Financial Consultants, Inc. Disclosure Brochure

In performing its services, Personal Financial is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Personal Financial may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Personal Financial recommends its own services. The client is under no obligation to act upon any of the recommendations made by Personal Financial under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Personal Financial itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Personal Financial's recommendations. Clients are advised that it remains their responsibility to promptly notify Personal Financial if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Personal Financial's previous recommendations and/or services.

### Item 5. Fees and Compensation

Personal Financial offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

#### **Investment Management Fee**

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Personal Financial provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Personal Financial. The firm's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Personal Financial does not, however, receive any portion of these commissions, fees, and costs. The firm's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by Personal Financial on the last day of the quarter. The annual fee varies (between 0.50% and 1.25%) depending upon the market value of the assets under management, as follows:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>QUARTERLY FEE</u></b>	<b><u>ANNUAL FEE</u></b>
up to \$500,000	0.3125%	1.25%
\$500,001 - \$1,000,000	0.25%	1.00%
\$1,000,001 - \$2,000,000	0.225%	0.90%
\$2,000,001 - \$3,000,000	0.20%	0.80%
\$3,000,001 - \$4,000,000	0.175%	0.70%
\$4,000,001 - \$5,000,000	0.15%	0.60%
Above \$5,000,001	0.125%	0.50%

Personal Financial, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar

# Personal Financial Consultants, Inc. Disclosure Brochure

amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

## **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), Personal Financial generally recommends that clients utilize the brokerage and clearing services of TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("*TD Ameritrade*") for investment management accounts. Personal Financial participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("*TD Ameritrade*"), an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Personal Financial receives some benefits from *TD Ameritrade* through its participation in the program.

Personal Financial may only implement its investment management recommendations after the client has arranged for and furnished Personal Financial with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *TD Ameritrade*, any other broker-dealer recommended by Personal Financial, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Personal Financial's fee.

Personal Financial's *Agreement* and the separate agreement with any *Financial Institutions* authorizes Personal Financial to debit the client's account for the amount of Personal Financial's fee and to directly remit that management fee to Personal Financial. Any *Financial Institutions* recommended by Personal Financial have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Personal Financial. Alternatively, clients may elect to have Personal Financial send an invoice for payment.

## **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Personal Financial and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Personal Financial's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Personal Financial's right to terminate an account. Additions may be in cash or securities provided that Personal Financial reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Personal Financial, subject to the usual and customary securities settlement procedures. However, Personal Financial designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Personal Financial may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Financial Planning and Consulting Fees**

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Personal Financial may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$2,500 to \$5,000 on a fixed fee basis and/or \$250 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages Personal Financial for additional investment advisory services, Personal Financial may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging Personal Financial to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Personal Financial setting forth the terms and conditions of the engagement. Generally, Personal Financial requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

Personal Financial does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

### **Item 7. Types of Clients**

Personal Financial provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.



## Minimum Account Size

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As a condition for starting and maintaining a relationship, Personal Financial generally imposes a minimum portfolio size of \$500,000. The firm may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. Personal Financial only accepts clients with less than the minimum portfolio size if, in the sole opinion of Personal Financial, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Personal Financial may aggregate the portfolios of family members to meet the minimum portfolio size.

## Minimum Fee

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As a condition for starting and maintaining a relationship, Personal Financial generally requires a minimum annual fee, which can range from \$2,500 per year for clients whose portfolio values are below \$200,000, to a minimum \$5,000 for clients whose portfolio values are between \$200,000 and \$399,000. Personal Financial, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

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

### Methods of Analysis

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Personal Financial's primarily employs fundamental and cyclical methods of investment analysis.

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. Personal Financial will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

*Cyclical analysis* is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that Personal Financial is recommending. The risks with cyclical analysis are similar to those of technical analysis.

### Investment Strategies

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Personal Financial's approach to investment management is carried out on the idea that clients are not all created equal. Each portfolio is custom-made, using financial planning tools, risk tolerance and capacity

assessments, together with the development of a clear understanding of the client's plans and goals. The firm reviews each client's existing investments, tax situation, income needs, and goals. Personal Financial works with each client to establish a target asset allocation under which each account will be individually managed.

To make the investments work with the client's lifestyle, Personal Financial follows a six-step process each year to make sure that the clients stays on track. Each client will go through this process at the beginning of the client relationship with the firm; in the years to come, Personal Financial continues to use this process to make sure that clients remain on track with their personal goals and objectives.

1. Gathering Data
2. Identifying Goals
3. Identifying Investment Issues
4. Preparing the Investment Management Plan
5. Implementing the Plan
6. Monitoring the Plan

### **Risks of Loss**

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#### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## *Market Risks*

All securities, particularly individual equity and debt securities, are subject to market volatility, economic factors and certain other market risks. The success of an investment may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Personal Financial will be able to predict those price movements accurately.

## *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9. Disciplinary Information**

Personal Financial is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Personal Financial does not have any required disclosures to this Item.

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

Personal Financial is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Personal Financial has no such relationships to report.

## **Item 11. Code of Ethics**

Personal Financial and persons associated with Personal Financial ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Personal Financial's policies and procedures.

Personal Financial and persons associated with Personal Financial ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Personal Financial's policies and procedures.

Personal Financial has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). Personal Financial's *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Personal Financial or any of its associated persons. The *Code of Ethics* also requires that certain of Personal Financial's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When Personal Financial is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact Personal Financial to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

As discussed above, in Item 5, Personal Financial generally recommends that clients utilize the brokerage and clearing services of *TD Ameritrade*.

Factors which Personal Financial considers in recommending *TD Ameritrade* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *TD Ameritrade* enables Personal Financial to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *TD Ameritrade* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Personal Financial's clients comply with Personal Financial's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Personal Financial determines that the commissions are 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Personal Financial seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. Personal Financial periodically and systematically

reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Personal Financial in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Personal Financial will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Personal Financial (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Personal Financial may decline a client’s request to direct brokerage if, in Personal Financial’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Personal Financial decides to purchase or sell the same securities for several clients at approximately the same time. Personal Financial may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Personal Financial’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Personal Financial’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Personal Financial determines to aggregate client orders for the purchase or sale of securities, including securities in which Personal Financial’s *Supervised Persons* may invest, Personal Financial generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Personal Financial does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Personal Financial determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Personal Financial may exclude the account(s) from the allocation; the transactions may be executed on

a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Personal Financial in its investment decision-making process. Such research generally will be used to service all of Personal Financial's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Personal Financial does not have to produce or pay for the products or services.

Personal Financial considers the receipt of client referrals from *TD Ameritrade* or any other third party in selecting or recommending *TD Ameritrade*. This results in a conflict of interest as there is an incentive to select or recommend *TD Ameritrade* over other broker-dealers that may provide better execution. Personal Financial has policies and procedures in place to ensure that clients receive best execution, as discussed above, without regard to any referrals received by Personal Financial [or a related person]

### **Software and Support Provided by Financial Institutions**

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Personal Financial may receive from *TD Ameritrade*, without cost to Personal Financial, computer software and related systems support, which allow Personal Financial to better monitor client accounts maintained at *TD Ameritrade*. Personal Financial may receive the software and related support without cost because Personal Financial renders investment management services to clients that maintain assets at *TD Ameritrade*. The software and related systems support may benefit Personal Financial, but not its clients directly. In fulfilling its duties to its clients, Personal Financial endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Personal Financial's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Personal Financial's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

There is no direct link between Personal Financial's participation in *TD Ameritrade's* program and the investment advice it gives to its clients, although Personal Financial receives economic benefits through its participation in the program that are typically not available to *TD Ameritrade* retail investors. Additionally, Personal Financial may receive the following benefits from *TD Ameritrade* through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist Personal Financial in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help Personal Financial manage and further develop its business enterprise. The benefits received by Personal Financial's participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by Personal Financial or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Personal Financial's recommendation of *TD Ameritrade* for custody and brokerage services.

### Item 13. Review of Accounts

For those clients to whom Personal Financial provides investment management services, Personal Financial conducts regular account reviews on at least a quarterly basis. For those clients to whom Personal Financial provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of Personal Financial's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Personal Financial and to keep Personal Financial informed of any changes thereto. Personal Financial contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Those clients to whom Personal Financial provides financial planning and/or consulting services will receive reports from Personal Financial summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Personal Financial.

### Item 14. Client Referrals and Other Compensation

Personal Financial is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Personal Financial is required to disclose any direct or indirect compensation that it provides for client referrals. Personal Financial does not have any required disclosures to this Item.

### Item 15. Custody

Personal Financial's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Personal Financial through such *Financial Institution* to debit the client's account for the amount of Personal Financial's fee and to directly remit that management fee to Personal Financial in accordance with applicable custody rules.

The *Financial Institutions* recommended by Personal Financial have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Personal Financial. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to any invoices received from Personal Financial.

### **Item 16. Investment Discretion**

Personal Financial may be given the authority to exercise discretion on behalf of clients. Personal Financial is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Personal Financial is given this authority through a power-of-attorney included in the agreement between Personal Financial and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Personal Financial takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

### **Item 17. Voting Client Securities**

Personal Financial is required to disclose if it accepts authority to vote client securities. Personal Financial does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*. Clients may contact the firm regarding any questions about a particular proxy, but clients retain the ultimately responsibility to vote the proxy.

### **Item 18. Financial Information**

Personal Financial does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Personal Financial is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Personal Financial has no disclosures pursuant to this Item.



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Prepared by:



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