



Guiding Families to and through Life's Transitions

**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 <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 dated January 14, 2016. Personal Financial has the following material changes to report pursuant to this Item.

1. New service offerings – as described in Item 4.
2. Item 4 – As a result of a change expected to come into effect on April 10, 2017, to the Employment Retirement Income Security Act (ERISA), Personal Financial Consultants hereby acknowledges that it is a "fiduciary" when the firm's services are subject to the provisions of ERISA of 1974, as amended.
3. New fee structure – as described in Item 5.

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## Item 4 Advisory Business

Personal Financial has been a Registered Investment Advisor since 1985. The firm was registered with the SEC in 2012. Prior to that time it was registered with the state of California. Loren B. Kayfetz is the sole owner of the firm. As of December 31, 2016, the firm has \$186,576,856 of assets under management, \$177,550,145 of which are managed on a discretionary basis and \$9,026,711 are managed on a non- discretionary basis.

Personal Financial has been guiding families to and through life's transitions since 1985. We understand that life is a journey that includes predictably joyous events, transitional phases and unexpected turns. We are trusted advisors that help clients:

- Understand the financial issues and choices implicit in their planned and unplanned life events,
- Invest based on their goals, time horizon and risk tolerance, and
- Develop, document and implement action plans to reach their goals.

Our services include:

### Financial Planning

Financial Planning Services is a combination of on-going financial consultancy in concert with an annually reviewed and updated financial plan document.

In a financial plan, Personal Financial will work with the client to:

- Determine, review and prioritize your goals
- Gather, analyze and evaluate pertinent quantitative information and documents
- Assess your risk tolerance, cash flow, current net worth, lifestyle, health, tax situation, needs, wants, wishes
- Develop a written financial plan document focused on your goals
- Develop an action plan for the year to implement the agreed upon recommendations
- Keep you on track with the action steps needed to fully implement the plan

The financial plan will include recommendations, and when more than one alternative is presented advice will include the advantages and disadvantages of each alternative as well as the associated costs and risks. Personal Financial will also communicate any time sensitivity of the recommendations and the possible implications of a change in assumptions on expected results. In making recommendations, we will need to make assumptions related to such things as the expected rates of return on investments, tax rates, inflation rates, lifestyle needs and in other areas. We will make assumptions that are reasonable and realistic based on current and historical norms. Assumptions will be documented within the plan document.

After the first year of service, Personal Financial will schedule a review of the financial plan on an annual basis. At the review we will:

- Discuss changes in your circumstances and goals
- Advise you of material changes in economic conditions or law
- Review implementation plan
- Review and revise assumptions impacting the plan
- Update quantitative and personal information
- Update recommendations based on restated goals
- Develop an action plan for the year to implement the agreed upon recommendations

## Financial Consulting

Consulting sessions with our CERTIFIED FINANCIAL PLANNER™ professionals on financial topics based on Client's needs and life transitions. Subjects covered may include but, are not limited to:

Job Changes	Families with special needs	Planning for a move
Annuity exchanges	Gifting programs	Marriage / Divorce
Long term care	Life and disability insurance	Parental care
Tax strategies	Small business pension plans	Buying or selling real estate
Estate planning review	Retirement projections	Saving for higher education
Education funding	Social Security	

## Investment Management

Personal Financial will provide Client with ongoing Investment Management Services. We shall be responsible for the investment of the assets designated to be subject to Personal Financial management ("Account" or "Assets Under Management"). The client authorizes Personal Financial with discretionary authority. In granting this discretionary authority, the client authorizes us, without prior consultation, consent or approval to: (a) implement transactions for the Account; (b) buy, sell and trade stocks, bonds, mutual funds, index funds, exchange traded funds, short-term money-market instruments and other securities and contracts, including on margin if the client signed a separate margin authorization; and (c) give instructions to the broker-dealer and the custodian of the assets in the Account.

Unless the client has identified to Personal Financial to the contrary, there are NO restrictions imposed upon Personal Financial with respect to the management of the Account. Personal Financial will periodically monitor and review the assets in the Account in accordance with the client's investment needs, goals, objectives and risk tolerance.

In the event that investment management services include assets held in a retirement plan account sponsored by an employer, our management is limited to the scope of the plan's fund selections and restrictions. For these "Held Away Accounts" Personal Financial does not have, nor will it accept, any authority to make or effect any disbursements or transfers of assets in an employer sponsored retirement plan account(s).

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 offers 3 different Engagement Agreement options:

	Comprehensive Engagement	Traditional Engagement	Hourly Engagement
Financial Planning	Yes		
Financial Consulting	2x per year	Ad hoc	Ad hoc
Investment Management	Yes	Yes	

## **General Notice**

The client is free at all times to accept or reject any of our recommendations. The client has sole authority regarding the implementation, acceptance, or rejection of any counseling or advice from Personal Financial. Financial Consulting Services in a Traditional or Hourly Engagement do not include a Financial Plan or any follow-up or other services related to a Financial Plan.

Personal Financial offers 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.

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 recommends 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.

As a result of a change expected to come into effect on April 10, 2017, to the Employment Retirement Income Security Act (ERISA), Personal Financial Consultants hereby acknowledges that it is a "fiduciary" when the firm's services are subject to the provisions of ERISA of 1974, as amended.

## **Item 5 Fees and Compensation**

Personal Financial offers its services on a fee-only basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. The firm does not sell products nor accept commissions. If Client does not have an Account that Personal Financial has authority to deduct its fees from, Personal Financial will accept payment via an electronic funds transfer.

### **Comprehensive Engagement**

Due to the amount of services required at the start of a Comprehensive Engagement, Personal Financial charges a \$750 initial fee. The initial fee is due upon signing. Fees under a Comprehensive Engagement are split between Financial Planning/Consulting and Investment Management.

#### **Financial Planning/Consulting**

Personal Financial's annual fee for Financial Planning Services is \$4,000, payable monthly, in arrears. There will be no increase in the Financial Planning Services Fee without prior written notice to you and subject to your right to terminate the Agreement.

#### **Investment Management**

For investment management services, Personal Financial charges an annual fee based upon the assets under our management according to the fee schedule below.

The Investment Management Services Fee is prorated and billed monthly, in arrears, based upon the market value of the Assets Under Management on the last day of the previous month according to the below fee

schedule:

Market Value of Assets Under Management			Investment Management Fee	
			APR	Monthly
\$100,000	-	\$599,999	.90%	.075%
\$600,000	-	\$999,999	.80%	.067%
\$1,000,000	-	\$2,999,999	.70%	.058%
\$3,000,000	-	\$4,999,999	.60%	.050%
\$5,000,000	+		.50%	.042%

**CAP \$30,000**

The 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 client will authorize Personal Financial to instruct custodian to deduct fees from the assets held in the client's Account as they become due. At the beginning of each month, Personal Financial will submit to the custodian the amount of the fee to be deducted from the Account, and paid to, Personal Financial. If the client has more than one account, Personal Financial makes the determination as to which account the fee is taken from based on the client's best interest, or at the client's instruction. Personal Financial fee for management of assets in a 401K account held at employer will not be deducted from the account at the employer sponsored retirement plan.

## Traditional Engagement

Ad-Hoc Consulting and Investment Management services are bundled and charged as one fee in a Traditional Engagement. The fee is prorated and billed monthly, in arrears, based upon the market value of the Assets Under Management on the last day of the previous month according to the below fee schedule:

Market Value of Assets Under Management			Investment Management Fee	
			APR	Monthly
\$100,000	-	\$399,999	\$5,000	\$416.67
\$400,000	-	\$499,999	1.25%	.104%
\$500,000	-	\$999,999	1.00%	.083%
\$1,000,000	-	\$1,999,999	.90%	.075%
\$2,000,000	-	\$2,999,999	.80%	.067%
\$3,000,000	-	\$3,999,999	.70%	.058%
\$4,000,000	-	\$4,999,999	.60%	.050%
\$5,000,000	+		.50%	.042%

**CAP \$30,000**

The 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 client will authorize Personal Financial to instruct custodian to deduct fees from the assets held in the client's Account as they become due. At the beginning of each month, Personal Financial will submit to the custodian the amount of the fee to be deducted from the Account, and paid to, Personal Financial. If the client has more than one account, Personal Financial makes the determination as to which account the fee is taken from based on the client's best interest, or at the client's instruction. Personal Financial fee for management of assets in a 401K account held at employer will not be deducted from the account at the employer sponsored retirement plan.

## **Hourly Engagement**

Personal Financial's hourly in-office consulting fee is \$300 per hour. The fee due upon delivery of the financial consulting or completion of the agreed upon services. Fees for Management During Partial Months of Service

For the initial period of Investment Management services, the fees are calculated on a *pro rata* basis from the date of the *Agreement*.

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

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

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.

Investment Management 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 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.

## **Fees Charged by Financial Institutions**

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 will 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 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.

## **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.

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

### **Methods of Analysis**

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**

Personal Financial believes that asset allocation across diverse investment categories (stock vs. bond, foreign vs. domestic, large cap vs. small cap, real assets, etc.) is the key to long term success in reaching client objectives. We invest client assets in mutual funds and exchange-traded funds ("ETFs") to offer both diversification and lower expenses. Personal Financial does consider funds that may have higher fees and expenses if there is a compelling reason for the benefit of the client.

We may also invest in individual securities if requested by a client.

### **Risks of Loss**

#### *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, its employees and their families (collectively "employees") 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 employees 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 employees. The Code of Ethics also requires that certain of Personal Financial's employees 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 employee may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *employee*) a transaction in that security unless:

- The transaction has been completed;

- The transaction for the employee 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 employees 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**

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**

Personal Financial conducts periodic account reviews throughout the year for Investment Management clients. Reviews may be triggered by news or research related to a specific holding, a change in the firm's view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector.

Accounts may also be reviewed when being considered for an additional holding or an increase in a current position. Account cash levels relative to a client's stated tolerance for risk, investment objectives or withdrawal requests may also trigger a review.

All Investment Management 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 Management 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 custodian for the client accounts.

## **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.