

**Form ADV Part 2A Disclosure Brochure**  
***Prepared In Compliance With***  
***The Investment Advisers Act of 1940 Rule 204-3(A)***



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This brochure provides information about the qualifications and business practices of Gradient Financial Direct, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at: 888-744-5303 or by email at: [kjensen@gradientdirect.com](mailto:kjensen@gradientdirect.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Gradient Financial Direct, LLC (IARD#293240) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**February 20, 2018**

## Item 2: Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### Material Changes since the Last Update

Initial Filing.

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### Full Brochure Available

This Firm Brochure being delivered is the complete brochure for the Firm.

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## Item 4: Advisory Business

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### Firm Description

Gradient Financial Direct, LLC ("GFD") is an independent, SEC registered investment advisor. Charles E. Lucius, CLU®, ChFC®, MSFS is a 100% owner.

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### Types of Advisory Services

#### Financial Planning

A financial plan is designed to help the client with all aspects of their financial situation. The financial plan may have, but is not limited to, a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans that have recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

Investment advisor representatives of GFD may charge clients for financial planning on an hourly or negotiable fixed fee basis described in detail in Item 5 of this brochure.

#### Solicitor Arrangements

Advisor solicits the services of Third Party Money Managers to manage client accounts. In such circumstances, advisor receives solicitor fees from the Third Party Manager (TPM). Advisor acts as the liaison between the client and the TPM in return for an ongoing portion of the advisor fees charged by the TPM. Advisor helps the client complete the necessary paperwork of the TPM, provides ongoing services to the client, will provide the TPM with any changes in client status as provided to advisor by the client and review the quarterly statements provided by the TPM. Advisor will deliver the Form ADV Part 2, Privacy Notice and Solicitors Disclosure Statement of the TPM. Clients placed with TPM will be billed in accordance with the TPM's Fee Schedule which will be disclosed to the client prior to signing an agreement. This is detailed in Item 10 of this brochure.

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### Client Tailored Services and Client Imposed Restrictions

The investment objective and risk tolerance for each client is documented in our strategy assessment questionnaire(s).

Agreements may not be assigned without written client consent.

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### Wrap Fee Programs

GFD does not sponsor in wrap fee programs.

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### Client Assets under Management

GFD does not manage client assets.

## Item 5: Fees and Compensation

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### Method of Compensation and Fee Schedule

GFD receives solicitor fees from third party money managers and fixed or hourly fees for financial planning.

#### Financial Planning

Prior to the planning process the client will be provided an estimated plan fee. Services include, but are not limited to, a thorough review of all applicable topics including wills, estate plan/trusts, investments, taxes, and insurance. GFD allows two options for the payment of financial planning fees, selection of which is at the discretion of the advisor: 1) Payments may be made in two installments; half at the commencement of the planning process and final payment due upon delivery of the completed plan. 2) Full payment may be made in advance. In the case of full payment, GFD will deliver plans within ninety (90) days of the date of the planning agreement was executed. Client may cancel within five business days of signing the Investment Advisory

Agreement for a full refund. If cancellation occurs after five business days, client will be entitled to a pro- rata refund based on work completed.

#### **Fixed Fee**

The fee for a financial plan is based on a negotiated fixed fee basis based on complexity and unique client needs, geographic market differences and the experience of the advisor preparing the plan. The fee will be a maximum of \$1,995. GFD reserves the right to waive any financial planning fees at its sole discretion.

#### **Solicitor Fees**

GFD and its associated persons will be paid a portion of the fee charged and collected by the third party money manager in the form of solicitor fees or consulting fees. GFD's fees are negotiable depending on the size, complexity of the client's account(s), the experience and training of the advisor and other business considerations. A complete description of the third party money manager's services, fee schedules and account minimums will be disclosed in the third party investment advisor's Form ADV, Schedule H Disclosure Brochure, or similar Disclosure Brochure.

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#### **Client Payment of Fees**

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery. Clients pay the TPM investment advisory fees. Prior to signing an investment advisory agreement, the method of payment will be disclosed in the TPM's Form ADV Part 2.

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#### **Additional Client Fees Charged**

Custodians may charge transaction fees or asset based fees (if appropriate) on purchases or sales of certain mutual funds, equities and ETFs. These charges may include transaction fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security.

For more details on the brokerage practices, see Item 12 of this brochure and the custodial account information.

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#### **Prepayment of Client Fees**

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery. If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to GFD.

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#### **External Compensation for the Sale of Securities to Clients**

GFD does not receive any external compensation for the sale of securities to clients.

### **Item 6: Performance-Based Fees**

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#### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities. GFD does not use a performance-based fee structure.

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

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#### **Description**

GFD generally provides investment advice to individuals, high net worth individuals, corporations, and business entities. Client relationships vary in scope and length of service.

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#### **Account Minimums**

GFD does not require a minimum to open an account. Third party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor.

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

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### Methods of Analysis

The TPM utilized by GFD may use various methods of analysis to determine the proper strategy for the Client referred and these will be disclosed in the TPM's Form ADV Part 2. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns. Other strategies utilized by TPM may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

In developing a financial plan for a client, GFD's analysis may include cash flow analysis, investment planning, risk management, tax planning, and estate planning. Based on the information gathered, a detailed strategy is tailored to the client's specific situation.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### Investment Strategy

The investment strategy for a specific client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time. Each client executes a Client Account Form which includes a Risk Tolerance Questionnaire that documents their objectives and their desired investment strategy.

The investment advisor representatives of GFD rely on third party money managers for the recommendations and analysis based on the client's goals and investment objectives.

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### Security-Specific Material Risks

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

The risks associated with utilizing TPMs include:

- Manager Risk: The TPM fails to execute the stated investment strategy.
- Business Risk: TPM has financial or regulatory problems.
- The specific risks associated with the portfolios of the TPM which are disclosed in the TPM's Form ADV Part 2.

The specific risks associated with financial planning include:

- Risk of loss
  - Client fails to follow the recommendations of GFD resulting in loss
  - Client has changes in financial status or lifestyle

## Item 9: Disciplinary Information

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### Criminal or Civil Actions

The firm and its management do not have any criminal or civil actions to report.

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### Administrative Enforcement Proceedings

The firm and its management have not been involved in any reportable administrative enforcement proceedings.

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### Self-Regulatory Organization Enforcement Proceedings

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

## Item 10: Other Financial Industry Activities and Affiliations

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### Broker-Dealer or Representative Registration

GFD does not have investment advisor representatives that are affiliated with a broker-dealer.

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### Futures or Commodity Registration

Neither GFD nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Charles E. Lucius is also founder and CEO of Gradient Advisors, LLC, and Gradient Investments, LLC, SEC registered investment advisors. Gradient Advisors, LLC, Gradient Investments, LLC (GI) and GFD are affiliated entities. Associated persons of GFD may refer clients to GI for investment management services. This creates a conflict of interest as GI would receive compensation through assets under management. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation. Financial Planning clients of GFD are not required to use GI for asset management services.

Charles E. Lucius is also a consultant for Gradient Insurance Brokerage Inc. (GIB). GIB is an Insurance Marketing Organization (IMO) which provides a distribution channel on behalf of insurance companies for independent licensed insurance agents and agencies. Mr. Lucius also owns Gradient Insurance Management, LLC (GIM), an insurance agency who contracts through GIB. The investment advisor representatives for GFD may also be licensed insurance agents through GIM for the placement of non-securities products and receive a commission rate which could be higher than traditional investments. In this event, GIB will be compensated directly from the insurance company. The commission structure built into insurance products is predetermined by the insurance companies. The product purchased by the client is issued by the insurance company and the cost to the client is in no way altered by the IMO or the insurance agent involved. Furthermore, the client has no obligation to do business with the advisor/agent. Charles E. Lucius receives consulting compensation from GIB and therefore, a conflict of interest occurs. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation.

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### Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

GFD and its associated persons will utilize the services of a Gradient Investments, LLC (GI), an affiliated investment advisor, to manage clients' investment portfolios. Specific arrangements and fee schedules will be detailed in the advisory agreement offered to the client.

GFD will be paid a portion of the fee charged and collected by GI in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3.

Clients are advised that there may be other third party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that the client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

When hiring GI, GI will maintain the models or investment strategies agreed upon between GI and GFD. GI executes all trades on behalf of GFD in client accounts. GFD will be responsible for the overall direct relationship with the client. Specific arrangements will be detailed in the advisory agreement offered to the client. All required disclosure will be provided to the client in GI's applicable brochures.

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

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### Code of Ethics Description

The employees of GFD have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of GI employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of GI. The Code reflects GI and its supervised persons' responsibility to act in the best interest of their client.

One area which the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material



information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

GFD's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of GFD may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

GFD's Code is based on the guiding principle that the interests of the client are our top priority. GFD's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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**Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

GFD and its employees do not recommend to clients securities in which we have a material financial interest.

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**Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

GFD and its employees may buy or sell securities that are also held by clients. In order to avoid potential conflicts of interest, employees are required to disclose all reportable securities transactions as well as provide GI with copies of their brokerage statements.

The chief compliance officer of GFD is Karl Jensen. He reviews all employee trades each quarter. Personal trading reviews help ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment.

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**Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

GFD does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. While GFD does not trade in its Clients' accounts, affiliated persons are required to disclose all reportable securities transactions as well as provide GFD with copies of their brokerage statements.

The chief compliance officer of GFD is Karl Jensen. He reviews all employee trades each quarter. Personal trading reviews help ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment.

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**Item 12: Brokerage Practices**

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**Factors Used to Select Broker-Dealers for Client Transactions**

*Directed Brokerage:* GFD does not manage money, therefore GFD does not recommend the use of a particular broker-dealer.

*Best Execution:* Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. GFD does not exercise discretion of Client accounts.

*Soft Dollar Arrangements:* GFD does not have any soft dollar arrangements.

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**Aggregating Securities Transactions for Client Accounts**

GFD does not trade for client accounts.

## **Item 13: Review of Accounts**

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Accounts managed by TPM are reviewed on an ongoing basis by the IAR's and the management staff of GFD. Account reviews are performed more frequently when market conditions dictate.

Financial plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

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### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of client's accounts are changes in the tax laws, new investment information and changes in a client's own situation. It is important that you communicate with your introducing advisor with respect to any changes to your financial goals and objectives.

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### **Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by the custodian. Client receives confirmations of each transaction in accounts from the custodian and an additional statement during any month in which a transaction occurs. Third party money managers make available performance reports to clients and IAR's.

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

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### **Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest**

GFD will receive referral fees from GI for referring clients for asset management services. A conflict of interest occurs if investment advisor representatives of GFD refer clients to GI for money management services. This conflict is mitigated or avoided because clients have the ability to choose the third party money manager that meets their needs and are not obligated to use GI for money management.

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### **Advisory Firm Payments for Client Referrals**

GFD does not pay for client referrals.

## **Item 15: Custody**

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### **Account Statements**

All assets are held at qualified custodians, meaning the custodians provide account statements directly to clients at their address of record or via email notification at least quarterly. Clients are urged to review their account statements received directly from the custodian and compare them to the performance reports prepared by GI.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

GFD does not trade for client accounts.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

GFD does not vote proxies on securities. Clients are expected to vote their own proxies and can choose to do so on the custodial application. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because GFD does not serve as a custodian for client funds or securities, and GI does not require prepayment of fees of more than \$1,200 per client and six (6) months or more in advance.

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### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

GFD has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

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### **Bankruptcy Petitions during the Past Ten Years**

Neither GFD nor its management has had any bankruptcy petitions in the last 10 years.



## **Executive Officers and Management Brochure**

Part 2B of Form ADV

**4105 Lexington Avenue North, Suite 320**

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This brochure supplement provides information about the Executive Officers and Management that supplements the Gradient Financial Direct, LLC brochure. You should have received a copy of that brochure. Please contact us at the above address, if you did not receive Gradient Financial Direct, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about the Executive Officers and Management may be available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**February 20, 2018**

## Brochure Supplement (Part 2B of Form ADV)

### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with Clients.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and Client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their Clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

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**Charles E. Lucius, CLU®, ChFC®, MSFS - Founder and CEO**

With a deep passion for knowledge, Charles E. "Chuck" Lucius, has earned many degrees and designations, but it was serving as a pilot in the United States Air Force that he found a deeper passion for freedom and the boundless opportunity it affords. Over the course of his career, Chuck has attained the following licenses and/or designations: Series 7, 24, 63, 65, CFP.

In 1975, Chuck began his career in the insurance industry with Prudential Life Insurance Company. He successfully served in the field and in numerous leadership roles to include Estate Planning Specialist, Director of Advanced Marketing, and Director of Fee-Based Financial Planning. Chuck also served as Managing Director overseeing the leading Prudential Agency in Minnesota earning Prudential's highest honors as the recipient of The President's Citation.

In 2001, Chuck began his tenure as President and Principal of Personalized Brokerage Services, LLC / USAllianz Securities. Under his leadership, the organization grew to become an industry leader from a group of 15 professionals to a team of over 150 professionals and 200 + Registered Representatives. Annual premium soared under his leadership, and a wealth management business model was created which included fixed annuities, securities, long-term care and life insurance divisions as well as a top-tier practice management program. He earned a reputation for operational excellence.

Currently, Chuck is founder and CEO of Gradient Financial Group and founded Gradient Investments in 2006. His organizations provide a cutting-edge platform which emphasizes his passion for maintaining independence for agents within the financial services industry. Chuck also serves on numerous Insurance Company Leadership Councils.

Chuck resides in Minnesota with his wife Tami and enjoys spending time with his children, Megan, Brian, Nate, Chaz and Cruz. He enjoys spending family time at his lake home as well as personal aviation and furthering his industry knowledge.

**Year of birth:** 1948

**Educational Background:**

- The American College; Masters of Science in Financial Services; 1988
- North Dakota State University; BS Psychology; 1970
- U.S. Air Force Pilot; 1970-1975

**Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Consultant (ChFC): Chartered Financial Consultants are licensed by the American College to use the ChFC mark. ChFC certification requirements:

- Complete ChFC coursework within five years from the date of initial enrollment
- Pass the exams for all required elective courses. You must achieve a minimum score of 70% to pass.
- Meet the experience requirements: Three years of business experience immediately preceding the date of use of the designation are required. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve your ChFC designation, you must earn your recertification every two years.

Chartered Life Underwriter (CLU): Chartered Life Underwriters are licensed by the American College to use the CLU mark. CLU certification requirements:

- Complete successfully CLU coursework 5 required and 3 elective

- Meet the experience requirements: Three years of business experience immediately preceding the date of use of the designation are required. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve your CLU designation, you must earn 30 hours of continuing education credit every two years.

**Business Experience:**

- Gradient Financial Direct, LLC; Owner; 2017-Present
- Gradient Assurance Series, LLC; Owner; 2014-Present
- Integrated Risk Strategies, LLC; Owner; 2014-Present
- Nextek, LLC; Owner; 2013-Present
- Gradient Insurance Management, LLC; Owner; 2013-Present
- Luson Capital, LLC; Owner; 2013-Present
- KonnexME, LLC; Owner 2012-Present
- Gradient Advisors, LLC; Owner/CEO; 2009-Present
- RIA Registrar, LLC; Owner; 2006-Present
- Gradient Investments, LLC; Owner/CEO; 2006-Present
- Gradient Insurance Brokerage, Inc.; Consultant; 2005-Present
- A Street, LLC; Owner; 2005-Present
- Gradient Wealth Management, LLC; Owner/CEO; 2013-2014
- BZ Inc.; Owner; 2009-2013
- J Street, LLC; Owner; 2005-2013

**Disciplinary Information:** None to report.

**Other Business Activities:** Chuck Lucius is a consultant to Gradient Insurance Brokerage Inc., an insurance wholesaling company and owner of Gradient Advisors LLC, and Gradient Investments, LLC.

**Additional Compensation:**

The affiliated persons of GFD may also have an outside affiliation through a separate agency (or individually as an agent) for the placement of non-securities products and receive a commission rate which could be higher than traditional investments. In the event an independent agent elects to partner with the IMO Gradient Insurance Brokerage Inc. (GIB), GIB will be compensated directly from the insurance company. The commission structure built into insurance products is predetermined by the insurance companies and is not altered by the IMO. The product purchased by the client is issued by the insurance company and is no way altered by the IMO or the insurance agent. Furthermore, the client has no obligation to do business with the advisor/agent. Charles Lucius receives consulting compensation from GIB and therefore, a conflict of interest occurs. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation. Independent insurance agents may work with any insurance company and any IMO of their choosing, one of which may be GIB.

Associated persons of GFD may refer clients to GI for investment management services. This creates a conflict of interest as GI would receive compensation through assets under management. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation. Clients of GFD are not required to use GI as a money manager.

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**Karl D. Jensen, CFP® – Chief Compliance Officer**

Karl Jensen has spent the past 17 years working in the financial services industry in retirement services, developing financial plans for advisors and clients, practice management and operations, and as an advisor working with clients directly. Having achieved his CFP designation in the spring of 2010, he enjoys working with clients, using a holistic financial planning approach, to help them achieve their financial goals. He received his Bachelor of Science degree in Business Management from Crown College and holds his FINRA Series 7, 66, and 24 licenses as well as his life/health licenses in the state of MN. Karl enjoys watching and coaching hockey in the winter, playing golf in the summer, and spending time with his family. He currently lives with his wife Michele, and two children Parker and Grant, in Maple Grove, MN.

Karl is a CFP and holds his Series 65. He earned his undergraduate degree in Business Management from the Crown College.

**Year of birth: 1976**

**Educational Background:**

- Crown College; B.S. in Business Management; 1999

**Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with Clients.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and Client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their Clients.



CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**Business Experience:**

- Gradient Financial Direct, LLC; Chief Compliance Officer/Investment Advisor Representative; 2018-Present
- Gradient Insurance Management, LLC; Insurance Agent; 2018-Present
- Gradient Financial Group; Case Manager; 2014-Present
- Gradient Securities, LLC; Registered Representative; 2016- 2017
- Gradient Wealth Management; Investment Advisor Representative; 2016 - 2017
- Cuna Brokerage Services, Inc.; 2012-2014
- Raymond James Financial Services, Inc.; Registered Representative; 2010-2012
- Financial Network Investment Corporation; Registered Representative; 2008-2010
- Advanced Wealth; Case Design Specialist; 2008-2010
- Ameriprise Financial Services, Inc.; 2004-2007

**Disciplinary Information:** None to report.

**Other Business Activities:** Karl Jensen is also an insurance agent with Gradient Insurance Management, LLC. Approximately, 30% of his time is spent in this business. He will offer Clients services from those activities. As an insurance agent, he may receive separate yet typical compensation.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing. See Item 10 for more details.

**Additional Compensation:** Karl Jensen receives separate yet typical commissions on the insurance product he sells.

**Supervision:** Since Karl Jensen is the Chief Compliance Officer of GFD, he is responsible for all supervision and formulation and monitoring of investment advice offered to Clients. He will adhere to the policies and procedures as described in the firm's compliance manual. He can be reached at [kjensen@gradientdirect.com](mailto:kjensen@gradientdirect.com).