

## Item 1 – Cover Page

### GEM Financial Advisors, Inc.

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This brochure provides information about the qualifications and investment advisory business practices of GEM Financial Advisors, Inc. (formerly known as Collins Financial Planning Services, Inc.). If you have any questions about the contents of this brochure please contact us at (847) 680-3082. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about our investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for “GEM Financial Advisors, Inc.” You can also search using the firm’s CRD numbers. The CRD number for the firm is **123031**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

We will continue to ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

### **Material Changes:**

There are no material changes in this brochure from the last annual updating amendment of GEM Financial Advisors, Inc. on 01/25/2019. Material changes relate to GEM Financial Advisors, Inc.'s policies, practices or conflicts of interests only.

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#### **Item 4 – Advisory Business**

GEM Financial Advisors, Inc. (Formerly known as Collins Financial Planning Services, Inc.) is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Corporation formed under the laws of the State of Illinois.

- The firm has been registered as an investment advisor since January 2010.
- The firm’s Owner and President is Susan Milanak.
- Our investment advisor representatives are also registered representatives of LPL Financial, a registered broker/dealer, member SIPC/FINRA, and our office is also a LPL Financial branch office location. More details regarding our affiliation with LPL Financial is provided at *Item 5, Item 10 and Item 12 of this Disclosure Brochure*.
- We provide fee-only investment advisory services through GEM Financial Advisors, Inc. The nature and extent of the specific services provided to clients, including you, will always depend on each client’s financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.

#### **General Description of Primary Advisory Services**

The following are brief descriptions of our primary services. A detailed description of our services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

**Financial Planning Services** – We provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client’s overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** – We provide advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that we will continuously monitor a client’s account and make trades in client accounts when necessary.

**Outside Money Managers** – We provide advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades client accounts when necessary.

#### **Specialization**

The firm specializes in providing individualized investment advice through its asset management services.

- **Financial planning focusing on the following topics estate planning, retirement planning, education planning, special needs planning, and tax planning.**

- **Investment Management specializing in selection of mutual fund portfolios**
- **Investment Management specializing in selection of equities and fixed income investments**
- **Investment Management specializing in an a suitable asset mix of equities, fixed income, options, other general securities and mutual funds**
- **Investment management services focusing on quantitative analysis, technical analysis, and fundamental analysis,**
- **GEM Financial Advisors, investment management focuses on long-term strategies. We provide limited investment management using short-term strategies, short-selling techniques, and market timing strategies**

### **Limits Advice to Certain Types of Investments**

We provide investment advice on the following types of investments.

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Foreign Issues
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Option contracts on securities

We do not provide advice on commercial paper or commodities, warrants or futures contracts on tangibles or intangibles.

When providing Asset Management Services, the firm will typically construct each client's account holdings using mutual funds, bonds, and equities to build diversified portfolios. It is not GEM Financial Advisors, Inc.'s typical investment strategy to trade low priced securities (i.e. penny stocks) or attempt to time the market. We may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

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

I do not participate or sponsor any wrap fee programs. A wrap fee program has been defined by regulators as a program whereby advisory services and transactions services are provided under one all-inclusive fee. My advisory services are billed separately from transaction costs. For my services, your account will be billed directly by the broker/dealer for transactions effected in the account.

### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Client Assets Managed by GEM Financial Advisors, Inc.**

The amount of clients assets managed by the firm totaled \$ 182,651,500.00 as of December 31, 2019. \$ 70,757,500.00 is managed on a discretionary basis and \$ 111,894,000.00 are managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provide in Item 4 – Advisory Business, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

### **Financial Planning Services**

We provide financial planning services in the form of written financial plans and financial planning consultations. Services may be provided on a one-time basis or on a continuous basis. Clients will be required to sign a Financial Planning Agreement prior to our starting the financial planning services.

The information contained in this section is provided as a description of our financial planning services. Each client's exact financial planning topics to be covered and the specific fee arrangement will be detailed in the Financial Planning Agreement.

Financial planning services may be specific or modular in their preparation (unique to each client in the level or extent of preparation of the plan documents). Financial planning services may take into consideration factors such as the client's objectives, the amount of risks that they are comfortable to accepting, investment knowledge, net worth, income, age, projected retirement, unusual or material funding requirements, inheritance possibilities, pensions, social security, children/relative funding iss ues, estate issues, and living expenses expressed in today's dollars requested for retirement.

Topics covered in financial planning services include, but are not necessarily limited to, goal setting, investment planning, estate planning, education planning, and retirement planning.

**Fees for Financial Planning Services.** Fees for financial planning services may be billed on an hourly or fixed-fee basis to non-asset management services clients. Our hourly fee is set at \$250. Fixed fee arrangements typically range between \$1,500 and \$7,500 per plan. The exact fee and arrangement charged to an individual client is determined by factors such as the scope of the financial planning

engagement and detail of services needed, the complexity of the client's situation, the actual topics included, and the associated person providing the service.

We will estimate the number of hours needed when billing on an hourly basis. The estimate will be provided to the client prior to beginning work on the project. Fixed fees are also quoted prior to commencement of work. In the event we exceed the estimate, we will contact the client to receive approval from the client prior to completing additional work.

Fees for on-going financial planning services are billed semi-annually, in advance, with payment due upon the client's receipt of a billing statement from us. Prior to beginning any services, we will provide the client with an estimate of the amount of hours required to complete the specific service to be provided. In the event we exceed the estimated time, we will contact the client for approval to continue services. Depending on the scope of a particular project, we may require a fee of up to 25% of the estimated hourly charge to be paid in advance with the remaining portion due at the end of the month or upon completion of the project if completed after the end of the billing period.

One half of the fees for one-time financial planning projects are due and payable in advance with the remainder due after completion of the consultation services or presentation of the financial planning document

It should be noted that lower fees for comparable financial planning services may be available from other sources.

**Termination.** When on-going financial planning services are contracted, the Financial Planning Agreement shall remain in effect until terminated by either party. Clients may terminate the agreement upon written notice to us and without cause termination shall be effective upon our receipt of termination. We may terminate the agreement upon written notice to the client with termination effective upon five (5) days after the client receives the written termination notice. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty (no fees due and/or a complete refund of any fees paid in advance). After the initial five (5) business days, the client is responsible for paying fees for the time and effort expended by us prior to receipt of notice of termination. A pro-rated refund or a pro-rated charge will be made to client, depending upon the time spent by us, on services at the time notice of termination was received. We will provide a billing statement summarizing all charges and an explanation of the pro-rated refund due to client or the pro-rated charges due from client.

When one-time financial planning services are contracted, the Financial Planning Agreement shall terminate upon completion of services or presentation of the planning document. Clients may terminate services prior to completion however the client will be responsible for any fees incurred prior to termination. If the fees owed are in excess of the initial deposit an invoice will be sent to the client.

**Fee Offset.** While financial planning services are prepared with the intention of the client implementing recommendations made within the plan through us, clients are not obligated to do so. Clients may select any investment advisor, broker/dealer, or financial institution to implement our recommendation.

If clients elect to implement financial planning advice through us, implementation services may be provided through our other advisory programs detailed in this document. In these situations, we will receive fees in addition to the financial planning fees charged.

Implementation services may also be provided through our associated persons in their separate capacities as securities agents and/or insurance agents and commissions will be earned. We may waive, reduce or credit the amount of the financial planning fee charged to a client when additional advisory fees or commissions are earned. The decision to waive or reduce an advisory fee is at our sole discretion. Fees may be reduced or eliminated due to overall household assets under management, or if there is a personal relationship with the client.

When implementing our recommendations or any other investment recommendation, clients need to be aware that standard commissions, custodial fees, and transaction fees may be charged to the client. Clients may incur certain charges imposed by third parties, other than us, in connection with investments made through an investment account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees.

### **GEM Financial Advisors Asset Management Program**

We are the sponsor of the GEM Financial Advisors Asset Management Program (referred to as “Program” in this section), an asset allocation program developed through an arrangement using LPL Financial’s Strategic Wealth Management platform. Through the Program, we provide investment management services which are defined as providing continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, we offer a customized and individualized investment program for clients. A specific asset allocation strategy is crafted to focus on the specific client’s goals and objectives. Clients will be required to complete a confidential questionnaire in order to help define the risk tolerance and investment objective of the client.

Program accounts are established at LPL Financial (referred to as “LPL Financial” or “LPL” throughout this) in its capacity as a registered broker/dealer, member Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC). LPL Financial is also an investment advisor registered with the SEC, but does not serve as an investment advisor for our clients through the Program. Clearing, custody and other brokerage services are provided by LPL Financial for accounts established through the Program. Therefore, clients will be required to establish a brokerage account(s) through LPL Financial’s Strategic Wealth Management platform. Separate accounts are maintained for each client. Each client retains all rights of ownership of their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Program accounts allow clients to authorize us to purchase and sell on a discretionary or non-discretionary basis portfolios consisting of securities and investments listed in Item 4 (***Limits Advice to Certain Types of Investments***) of Form ADV Part II.

During any month that there is activity in the Program account, the client receives a monthly account statement, from LPL Financial, showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each transaction that occurs within the Program account unless the transaction is the result of a systematic purchase, redemption or exchange. The client will also receive a detailed quarterly report showing performance, positions, and activity from LPL. All account data and statements are also available on-line through the account view portal through LPL Financial. We may also provide its own performance and position reports to clients.



The annual investment advisory fee charged will vary up to 2.50% of the assets held in the account. Fees are generally determined solely by us, but in some cases may be negotiable with the client.

Factors for determining the annual fee include, but are not necessarily limited to:

1. the market value of the account(s),
2. asset and investment holdings within the account,
3. complexity of the client's financial situation and
4. level of trading activity.

The annual fee shall be divided and payable quarterly in advance through a direct debit in the client account. LPL Financial is responsible for calculating and debiting all fees from client accounts. Clients must provide LPL Financial written authorization to debit advisory fees from their accounts and pay such fees to us. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter.

The minimum account size is \$50,000. Exceptions to the minimum may be granted at our discretion.

Prior to engaging us to provide investment management services, the client will be required to enter into a formal investment advisory agreement with us setting forth the terms and conditions, including the amount of investment advisory fees, under which we will manage the client's assets, and a separate custodial/clearing agreement with LPL Financial.

In addition to the investment advisory fee charged by us, you will pay certain transaction charges to defray the costs associated with trade execution. These costs are set out in the LPL Strategic Wealth Management platform brokerage account and application agreement.

Clients may incur certain charges imposed by third parties other than us in connection with investments made through the account, including but not limited to, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by us are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. Our associated persons, in their separate capacity as registered representatives of LPL Financial may retain a portion of the commissions charged to you. These commissions may include 12b-1 fees, surrender charges, and IRA and qualified retirement plan fees.

The Program may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, the client is charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or does not wish to purchase ongoing investment advice or management services, you should consider opening a commission-based brokerage account rather than a Program account.

Either party may terminate the agreement for services at any time. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and a full refund of all fees paid in advance will be provided. If services are terminated after the initial five day period, GEM Financial Advisors, Inc. shall provide the client with a pro-rated refund of fees paid in advance. The refund will be based on the number of days service was actually provided during the final billing period. Termination shall be effective from the time the other party receives written notification or

such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There will be no penalty charge upon termination.

### **LPL Financial Sponsored Advisory Programs**

We may provide advisory services through the Manager Access Select and Optimum Market Portfolios Programs sponsored by LPL Financial Corporation (LPL), a registered investment advisor and broker-dealer. For more information regarding Manager Access Select and Optimum Market Portfolios, including more information on the advisory services and fees that apply, the types of investments available in the program and the potential conflicts of interest presented by the program please see the LPL Financial Form ADV Part II or the applicable program's Schedule H and the applicable client agreement. Clients engaging us through Manager Access Select will be provided a copy of the program's disclosure brochure and must execute the program's client agreement

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. We will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. We will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$10,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

### **Fees for Manager Access Select**

The account fee charged to the client for Manager Access Select program accounts is negotiable based on factors such as, but not limited to, the total amount of assets under management and the client's financial situation. However, the maximum annual fee charged by us shall not exceed 3.0%. Account fees are payable quarterly in advance. We will receive 50% to 75% of the fee charged to clients.

LPL serves as program sponsor, investment advisor and broker-dealer for Manager Access Select. GEM Financial Advisors, Inc. And LPL share in the account fee and other fees associated with program accounts. Our associated persons are also registered representatives of LPL.

### **Fees for Optimum Market Portfolios**

The account fee charged to the client for Optimum Market Portfolios program accounts is negotiable based on factors such as, but not limited to, the total amount of assets under management and the client's financial situation. However, the maximum annual fee charged by us shall not exceed 2.5%. Account fees are payable quarterly in advance. We will receive 50% to 75% of the fee charged to clients.

LPL serves as program sponsor, investment advisor and broker-dealer for Optimum Market Portfolios. GEM Financial Advisors, Inc. And LPL share in the account fee and other fees associated with program accounts. Our associated persons are also registered representatives of LPL.

### **Potential Conflicts of Interest**

Transactions in Manager Access Select and Optimum Market Portfolios program accounts are generally effected through LPL as the executing broker-dealer.

We receive compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what we would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

### **Model Wealth Portfolios**

We have entered into an arrangement with LPL to provide services through the Model Wealth Portfolios ("MWP") program, a wrap-fee program sponsored by LPL. If you contract for this service you must establish a brokerage account through LPL which serves as the broker/dealer and qualified custodian. MWP offers clients a professionally managed mutual fund asset allocation program in which LPL, in its capacity as an investment advisor, and we direct and manage specified client assets. A minimum account value of \$10,000 is required for MWP.

We obtain your necessary financial data and assist you in determining the suitability of MWP and in setting an appropriate investment objective. We assist you in opening an account and determining an investment portfolio designed by LPL's Research Department. LPL's Research Department is responsible for selecting the mutual funds within a portfolio and for making changes to the mutual funds selected. In certain cases a portfolio may consist only of mutual funds within the same fund family. In such a portfolio, LPL's Research Department will select only those mutual funds within the fund family.

You must grant us discretionary authority to select the portfolios suitable for you and must grant LPL discretionary authority to select investments held within portfolios and rebalance positions within the portfolios.

LPL follows a dynamic asset allocation investment style in constructing portfolios for MWP clients. Asset allocation methodology is implemented by combining investments representing various asset classes that respond differently to varying market conditions. Thus, if one asset class reacts negatively to certain market events, the potential exists for another asset class to react positively. However, there is no guarantee that the use of an asset allocation strategy will produce favorable results. We are responsible for providing you with information about the investment strategy and the portfolios selected for you.

You receive quarterly account statements (monthly when activity occurs in the account), confirmations, and performance reports directly from LPL.

The maximum annual fee charged through the program is 2.5% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account(s). LPL is responsible for calculating and debiting all fees from your accounts. You must provide LPL written authorization to debit advisory fees from your accounts and pay those fees to us. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter are prorated based on the number of days remaining in the initial quarter. If you participate in MWP, you must execute the MWP Client Agreement.

We receive 55% to 85% of the fee charged to you. The portion we receive is based on the fees that LPL charges and they consider the amount of money in the program and the costs of trading and other internal expenses. Fees are not negotiable. We may also receive other compensation for participating in

MWP such as bonuses, awards, or other things of value offered by LPL. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend MWP over other programs.

You may also incur certain charges imposed by LPL or third parties other than us in connection with investments made through MWP accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL and our representatives, in their capacity as LPL registered representatives, may receive a portion of these third party fees.

You may incur certain charges imposed by third parties other than us in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges. Our representatives, in their separate capacities as registered representatives of LPL, may retain 12b-1 fees paid. However, unless otherwise stated in the MWP client agreement, advisory fees charged in retirement accounts are reduced by 12b-1 fees paid to LPL and our representatives in their capacity as LPL registered representatives.

You can terminate an MWP account by providing written notice to LPL. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based upon the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, both we and LPL reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing an MWP account. The fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

This section is intended as a summary of MWP. If you contracting for MWP services, you receive the MWP Form ADV Part 2A Appendix providing detailed information regarding MWP.

### **Optimum Market Portfolios**

We have entered into an arrangement with LPL to provide services through the Optimum Market Portfolios ("OMP") program, a wrap-fee program sponsored by LPL. If you contract for this service you must establish a brokerage account through LPL which serves as the broker/dealer and qualified custodian. OMP offers clients a professionally managed mutual fund asset allocation program using Optimum Funds, distributed by Delaware Distributors, L.P., where each Optimum Fund represents an asset class and uses at least two institutional subadvisors for diversification. LPL Research consults with Macquarie Investment Management in the creation of the fund. A minimum account value of \$10,000.

We obtain your necessary financial data and assist you in determining the suitability of OMP and in setting an appropriate investment objective. We assist you in opening an account and determining an investment portfolio designed by LPL's Research Department. LPL's Research Department with Macquarie Investment Management is responsible for creation of the funds, performs the ongoing monitoring of the funds and assists in determining whether to engage, maintain or terminate managers.

You must grant us discretionary authority to select the portfolios suitable for you and must grant LPL discretionary authority to select investments held within portfolios and rebalance positions within the portfolios.

Optimum Market Portfolios (OMP) provide a combination of Optimum Funds from up to six different asset classes. With a complementary pairing of two institutional money managers in each asset class, the Optimum Funds seek to help take advantage of diversification. Managers within the same asset class are combined based on risk/return characteristics, manager biases, and track records generated during an array of economic and market conditions. OMP provides diverse strategies for the full spectrum of investors, investment objectives, and asset allocation models. LPL Research provides asset allocation advice on strategic and dynamic models within OMP.

The key difference in this type of advice is the time frame over which we're targeting investment opportunities. OMPs strategic asset allocation process looks out over a three- to five-year period. We periodically revisit our asset allocation recommendations; however, we do not anticipate making adjustments until "halftime" of our strategic time frame, which generally is about every two to three years. If significant market fluctuations warrant a change, we may make adjustments sooner, though we anticipate this being a rare occurrence.

Relative to strategic models, dynamic models are designed to focus on a much shorter time frame and potentially take advantage of opportunities as short as several months. Our dynamic models typically have an investment horizon of 12-18 months. Dynamic asset allocation is not the same as "market timing." Rather, more timely changes can allow portfolios to benefit from rapidly changing opportunities within the market. The OMP platform offers access to several strategic portfolios, both traditional and tilted (Standard, U.S. Focus, Growth, and Value), as well as three dynamic portfolios (Dynamic, Dynamic U.S. Focus, and Spectrum). All of the OMP models except Spectrum determine asset allocation from a "top-down" market view, placing primary emphasis on LPL Research's macroeconomic convictions, while the Spectrum models determine asset allocation via a "bottom-up" approach, placing primary emphasis on the attractiveness of the underlying funds.

You receive quarterly account statements (monthly when activity occurs in the account), confirmations, and performance reports directly from LPL.

The maximum annual fee charged through the program is 2.5% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account(s). LPL is responsible for calculating and debiting all fees from your accounts. You must provide LPL written authorization to debit advisory fees from your accounts and pay those fees to us. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter are prorated based on the number of days remaining in the initial quarter. If you participate in OMP, you must execute the OMP Client Agreement.

We receive 55% to 85% of the fee charged to you. The portion we receive is based on the fees that LPL charges and they consider the amount of money in the program and the costs of trading and other internal expenses. Fees are not negotiable. We may also receive other compensation for participating in OMP such as bonuses, awards, or other things of value offered by LPL. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend OMP over other programs.

You may also incur certain charges imposed by LPL or third parties other than us in connection with investments made through OMP accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL and our representatives, in their capacity as LPL registered representatives, may receive a portion of these third party fees.

You may incur certain charges imposed by third parties other than us in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges. Our representatives, in their separate capacities as registered representatives of LPL, may retain 12b-1 fees paid. However, unless otherwise stated in the OMP client agreement, advisory fees charged in retirement accounts are reduced by 12b-1 fees paid to LPL and our representatives in their capacity as LPL registered representatives.

You can terminate an OMP account by providing written notice to LPL. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based upon the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, both we and LPL reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing an OMP account. The fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

This section is intended as a summary of OMP. If you contracting for MWP services, you receive the OMP Form ADV Part 2A Appendix providing detailed information regarding MWP.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Item 7 – Types of Clients**

We generally provide investment advice to the following types of clients:

- Individuals,
- Pension and profit sharing plans
- Trusts, estates or charitable organizations

### **Minimum Investment Amounts Required**

#### **Conditions for Managing Accounts.**

We charge a minimum fee of \$2,500 (whether billed on an hourly or fixed basis) for financial planning services.

For the GEM Financial Advisors, Inc. Asset Management Program the minimum account size is \$50,000. We may grant exceptions to this minimum.

The minimum account size fee is waived if the client or a member of the client's family has other accounts with GEM which exceeds \$50,000 or if the client is a family member of a GEM employee.

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

### **GEM Financial Advisors, Inc. uses the following methods of analysis in formulating investment advice.**

**Charting** - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### **GEM Financial Advisors, Inc. uses the following investment strategies when managing client assets and/or providing investment advice.**

**Long term purchases.** Investments held at least a year.

**Short term purchases.** Investments sold within a year.

**Trading.** Investments sold within 30 days.

## **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects



the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produced the expected returns, the value of the investment will decrease.

### **Item 9 – Disciplinary Information**

This item is not applicable to this brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of this business or integrity.

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

GEM Financial Advisors, Inc. is **not** and does **not** have a related company that is a:

- 1) Broker/dealer, municipal securities dealer, government securities dealer or broker,
- 2) Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund),
- 3) Other investment adviser or financial planner,
- 4) Futures commission merchant, commodity pool operator, or commodity trading advisor,
- 5) Banking or thrift institution,
- 6) Accountant or accounting firm,
- 7) Lawyer or law firm,
- 8) Insurance company or agency,
- 9) Pension consultant,
- 10) Real estate broker or dealer, or
- 11) Sponsor or syndicator of limited partnerships.

### **Arrangement with LPL Financial and Insurance Agents**

While GEM Financial Advisors does not sell products or services other than investment advice, the firm's investment advisor representatives (referred to as "IARs" in this section) sell other products and provide services outside of their role with the firm. GEM Financial Advisors' IARs concentrate the majority of their efforts toward sales of investments and investment advisory services.

Currently the majority of time (over 98%) of our IARs' time is devoted to activities through LPL Financial. A minimal amount of time (less than 5%) is devoted to insurance activities. We expect that more of IARs' will be spent on advisory services in the future.

Most of the IARs are licensed to provide insurance services to clients. Insurance products are provided to clients for personal, estate and business need to minimize clients' exposure to identified risks. Although clients are under no obligation to purchase insurance products recommended by GEM Financial Advisors' IARs in their separate capacities and insurance agents, clients often purchase such products when needs arise. For clients of the firm who purchase products causing commissions to be generated these are paid

to the IARs in their separate capacities as insurance agents. For those IARs who are insurance licensed, this activity varies throughout the year.

As previously indicated the IARs of GEM Financial Advisors are registered representatives of LPL and may suggest that clients implement the advice of the GEM Financial Advisors by placing transactions through LPL. If client transactions are executed through LPL by the IARs in their separate capacities as registered representatives, they may receive normal commissions in addition to advisory fees for the advice provided, thus a conflict of interest exists between our interests and that of our clients. Clients are under no obligation to purchase products recommended through LPL.

As a result of the LPL relationship, LPL will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about GEM Financial Advisors' clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact GEM Financial Advisors.

If the client wants to, the client can engage the IARs of the firm (but not the firm) in their separate capacities as registered representatives of LPL Financial, to render securities brokerage services under a commission arrangement. Brokerage commissions may be charged by LPL Financial to effect these securities transactions and, thereafter, a portion of these commissions will be paid by LPL to such IARs as registered representatives of LPL. Prior to effecting any transactions, the client will be required to enter into a new account agreement with LPL. The brokerage commissions charged by LPL may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

Depending on the type of LPL account that could be used to implement a financial plan or investment strategy, such compensation may include (but is not limited to) advisory program fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with LPL's insured deposit account program; administrative services fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by LPL to the IAR.

The compensation to IAR and LPL may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or services.

The IARs of GEM Financial Advisors may recommend securities or insurance products offered by LPL (or other insurance firms), and will receive the normal commissions if products are purchased through them; thus a conflict of interest exists between their interests and those of Advisory Clients. Clients are under no obligation to purchase products recommended by IARs or to purchase products either through GEM Financial Advisors or LPL. Another way we control for this conflict is that we will often reduce or waive fees charged for financial planning services based on the amount of commissions earned.

### **Third-Party Money Managers**

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, we have formed relationships with independent, third-party money managers.

We may recommend clients work directly with third-party money managers. When we refer clients to a third party money manager, you need to know that the firm will receive a portion of the fee charged by the third party money manager. Therefore, GEM Financial Advisors, Inc. has a conflict of interest in that we will only recommend third party money managers that will agree to compensate the firm by paying us a portion of the fees billed to your account managed by the third party money manager.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

GEM Financial Advisors has established a Code of Ethics that will apply to all of its associated persons. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. GEM Financial Advisors has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the advisor's Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. GEM Financial Advisors requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. GEM Financial Advisors has the responsibility to make sure that the interests of all clients are placed ahead of the firm's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. GEM Financial Advisors and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

This disclosure is provided to give all clients a summary of GEM Financial Advisors' Code of Ethics. However, if a client or a potential client wishes to review GEM Financial Advisors' Code of Ethics in its entirety, a copy will be provided promptly upon request.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

GEM Financial Advisors, Inc. or its associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is our express policy that all persons associated in any manner with us must place the interests of our clients ahead of their own when implementing personal investments. GEM Financial Advisors, Inc. and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by us are widely held and publicly traded.

### **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of GEM Financial Advisors, Inc. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

### **Brokerage Recommendations**

Clients wishing to implement our advice are free to select any broker they wish and are so informed. If clients wish to have our associated persons implement the advice in their capacity as registered representative, LPL will be used. Associated persons of GEM Financial Advisors, Inc. are registered representatives of LPL and are required to use the services of LPL when acting in their capacity as

registered representatives. LPL has a wide range of approved securities products for which LPL performs due diligence prior to selection. LPL's registered representatives are required to adhere to these products when implementing securities transactions through LPL. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. Because our associated persons may also be registered representatives of LPL, LPL provides compliance support to our associated persons. In addition to compliance support, LPL also provides the associated persons of GEM Financial Advisors, Inc., with back-office operational, technology, and other administrative support.

If clients wish to implement our advice through any of the programs described, LPL will be used as the broker/dealer and/or custodian. LPL will be the primary broker/dealer and custodian recommended due to our associated persons' relationship with LPL. We recommend broker/dealers and custodians that we feel will provide services in a manner and at a cost that will allow us to meet our duty of best execution. However, we may be limited in the broker/dealer or custodians that we are allowed to use due to our associated person's relationship with LPL. LPL may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

While there is no direct linkage between the investment advice given to clients and our recommendation of LPL, economic benefits may be provided by LPL to us that will not be provided if the client selects another broker/dealer or account custodian. These benefits may include: negotiated costs for transaction implementation, a dedicated trade desk that services LPL participants exclusively, a dedicated service group and an account services manager dedicated to our accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access, for a fee, to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

### **Trade Errors**

Based on industry practice and SEC guidance to broker-dealers, a trade error under this policy is defined as including:

- Inaccurate transmission or execution of any term of an order including, but not limited to: price; number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
- Unauthorized (because of misunderstanding or mistake) or unintended purchase, sale or allocation of securities, or the failure to follow specific client instructions; and
- Incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals or securities positions reflected in an account.

**Trade Error Policy.** We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client

will be made whole and we will absorb any loss resulting from the trade error if we caused the error. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. We may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

Neither us, nor our associated persons will ever retain any portion of any gains made as a result of trade error corrections or profit in any way from trade errors.

If the gain does not remain in the account and LPL is the custodian, LPL as the broker/dealer, will maintain gains that may result from correcting a trade error and in some instances may use such gains to offset overall losses LPL incurs from trading errors.

### **Aggregation of Client Orders-Block Trading Policy**

Transactions we implement for client accounts are generally effected independently, unless the firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the firm when we believe such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When we determine to aggregate client orders for the purchase or sale of securities, including securities in which we may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, we do not receive any additional compensation or remuneration as a result of aggregation.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

On-going financial planning services are reviewed and updated on an-going basis at the request of the client. GEM Financial Advisors, Inc. shall periodically contact you to determine if updates or additional financial planning services are needed; however, you are expected to inform us of any changes in your situation or when additional services and updates are needed. Reviews are not provided for one-time financial planning services. However, you are encouraged to have your financial planning situation reviewed and updated on as-needed basis.

Account reviews are provided in connection with asset management accounts. For clients participating in one or more of these programs, one of our representatives will contact them at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, client request, or changes within the market. The underlying investments held in your accounts are reviewed on a more frequent basis. Investments held in your accounts are usually reviewed as frequently as weekly, but no less than quarterly. Triggering factors for changes to investment holdings include the relative valuation changes between asset classes,

deviation from management style by fund, or fund closures. Portfolios constructed by third-party investment advisors will be monitored by the third-party investment advisor.

Our IARs, Susan Milanak, and Gregory Worcester are responsible for providing all investment advisory services and making all investment recommendations.

### **Statements and Reports**

Clients receive account statements directly from LPL Financial or the client's qualified custodian when different than LPL Financial. Statements will be delivered at least quarterly. In addition, GEM Financial Advisors, Inc. may provide newsletters covering general financial planning and investment topics.

Clients are encouraged to always compare communications provided by the advisor against the accounts statements and other communications received from the broker/dealer-qualified custodian.

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

### **Additional Compensation**

If client transactions are executed through LPL or any insurance company with whom representatives are licensed, our IARs may receive normal commissions.

Our IARs, in their separate capacities as registered representatives, may receive commissions from the execution of securities transactions. In addition, they may receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such fees could represent an incentive for IARs to recommend funds with 12b-1 fees over funds that have no fees or lower fees. While GEM Financial Advisors, Inc. endeavors at all times to put the interest of the clients firms as part of its fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations.

We do not have any verbal or written agreements whereby we receive soft dollars from a broker/dealer firm. We do not pay for any research received from LPL or any other broker/dealer. Our IARs who are registered representatives or insurance representatives may be eligible to receive various incentives that may be based upon production levels. These incentives may include marketing reimbursements, educational conference trips or discounts on various software or investment-related research materials. We may also be provided with various newsletters or publications from financial services firms as a customary consideration.

### ***Transition Assistance Benefits***

LPL Financial provides various benefits and payments to Dually Registered Persons that are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Dually Registered Person's clients transitioning to LPL Financial's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person at [his/her] prior firm. Such payments are generally based on the size of the Dually Registered Person's business established at [his/her] prior firm and/or assets under custody on the LPL Financial. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives.

Transition Assistance payments and other benefits are provided to associated persons of GEM Financial Advisors in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to GEM's advisory business because it creates a financial incentive for GEM's representatives to recommend that its clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its clients' assets with LPL Financial and therefore GEM has an incentive to recommend that clients maintain their account with LPL Financial in order to generate such benefits.

GEM attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person. When requiring our clients to maintain accounts at LPL Financial, GEM considers LPL Financial's reputation as a clearing firm, its execution of client transactions, and that the firm does not operate its open mutual funds or other investment products which create conflicts of interest for clients of GEM. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at LPL Financial.

GEM Financial Advisors, Inc. does not directly or indirectly compensate anybody for client referrals.

The only form of other compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 5 of this brochure. We receive no other forms of compensation in connection with providing investment advice.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. According to this definition, we do not have custody of client funds or securities.

Although the firm does not have custody, GEM Financial Advisors has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against any reports received directly from GEM Financial Advisors. When clients have questions about their account statements, they should contact GEM Financial Advisors or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

**Investment or Brokerage Discretion.** Upon receiving written authorization from the client, we provide discretionary investment advisory services for client accounts. Our discretionary authority is granted by

the client in the client agreement. When discretionary authority is granted, it is limited in that we will only be given discretionary trading authority. This authority will allow us to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

#### **Item 17 – Voting Client Securities**

We do not perform proxy-voting services on a client's behalf. You are instructed to read through the information provided with the proxy-voting documents and to make a determination based on the information provided. Upon your request, we may provide limited clarifications of the issues presented in the proxy voting materials based on our understanding of issues presented in the proxy-voting materials. However, you will have the ultimate responsibility for making all proxy-voting decisions.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

#### **Item 18 – Financial Information**

This item is not applicable to this brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

### **CUSTOMER PRIVACY POLICY NOTICE**

GEM Financial Advisors, Inc. recognizes the importance of maintaining its client's privacy. We treat all of the personal and financial information that you share with us in the course of our providing you with



investment advisory services as confidential and recognize the importance of protecting your information from disclosure.

### **TYPES OF NONPUBLIC PERSONAL INFORMATION (NPI) WE COLLECT**

We collect nonpublic personal information about you that is either provided to us by you or obtained by us with your authorization. This can include but is not limited to your Social Security Number, Date of Birth, Banking Information, Financial Account Numbers and/or Balances, Sources of Income, and Credit Card Numbers or Information. When you are no longer our customer, we may continue to share your information only as described in this notice.

### **PARTIES TO WHOM WE DISCLOSE INFORMATION**

We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted by law. The law permits us, and it is necessary in servicing your account, to disclose information for purposes of communicating your investment goals and requirements to the Subadvisor managing policies of your account, if any, executing securities transactions on your behalf and facilitating the custody of your securities.

If you are a new customer we may begin sharing your information on the day you sign our agreement. When you are no longer our customer, we may continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.

### **PROTECTING THE CONFIDENTIALITY OF CURRENT AND FORMER CLIENT'S INFORMATION**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law, including computer safeguards and secured files and building.

We restrict access to non-public personal information about you to those employees who need to know that information to provide advisory services to you. We maintain physical, electronic, and procedural safeguards to comply with federal standards to guard your non-public personal information.

As a CFP® certificant, we may be asked to disclose client data to Certified Financial Planner Board of Standards Inc. (CFP Board) as part of complying with CFP Board's *Code of Ethics and Standards of Conduct*. If you prefer that we do not disclose nonpublic personal information about you to the CFP Board, you may opt out of this disclosure by notifying our office at (837) 680-3082 and request to opt-out for CFP® disclosure.

### **FEDERAL LAW GIVES YOU THE RIGHT TO LIMIT SHARING - OPTING OUT**

Federal law allows you the right to limit the sharing of your NPI by "opting-out" of the following: sharing for non-affiliates' everyday business purposes – information about your creditworthiness; or sharing with affiliates or non-affiliates who use your information to market to you. State laws and individual companies may give you additional rights to limit sharing. Please notify us immediately if you choose to opt out of these types of sharing.

## Information Required by Part 2B of Form ADV: Brochure Supplement – Susan R. Milanak

The following are responses to each item found in the Form ADV Part 2B instructions.

### **Item 1 – Cover Page**

**Susan R. Milanak**  
GEM Financial Advisors, Inc.  
810 S. Waukegan Road  
Suite 200  
Lake Forest, IL 60045  
847-680-3082  
www.gemadvisors.com

This brochure supplement provides information about Susan R. Milanak that supplements this Disclosure Brochure. Please contact Susan R. Milanak if you have any questions about the contents of this supplement.

Additional information about Susan R. Milanak may be available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 2 – Educational Background and Business Experience**

**Susan R. Milanak, CFP®**, Born 10/1962

#### ***Education Background:***

Bachelor of Arts in Economics – DePauw University (Green Castle, IN), 1984  
Master of Business Administration – Harvard Graduate School of Business (Boston, MA), 1988  
CERTIFIED FINANCIAL PLANNER™ certification, 2008 \*

#### **Certified Financial Planner (CFP)**

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. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

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 CFP® exam is a 170-question, multiple-choice test that consists of two 3-hour sessions over one day. The exam includes stand-alone and scenario-based questions, as well as questions associated with case studies.
- 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 adhere to high ethical and professional standards for the practice of financial planning, and to act as a fiduciary when providing financial advice to your client, always putting their best interests first.

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 of a two hour CFP Board-approved ethics CE Course *t*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by *CFP Board's Code of Ethics and Standards of 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.

CFP Acknowledgment: (ADVISOR) acknowledges his responsibility as a CFP® Certificant to adhere to the standards that have been established in the CFP Board's Standards of Professional Conduct. If you become aware that (ADVISOR)'s conduct may violate the Code of Ethics and Standards of Conduct, you may file a complaint with the CFP Board at [www.CFP.net/complaint](http://www.CFP.net/complaint).

### ***Business Background:***

GEM Financial Advisors, Inc. (Formerly known as Collins Financial Planning Services, Inc.),  
President, Owner, and Investment Advisor Representative, 06/2010 – Present;  
Chief Compliance Officer, 02/2010 – Present;

LPL Financial Corporation, Registered Representative/ Investment Advisor Representative, 01/2009  
– Present;

DePaul University, Online Instructor of Business Ethics, 03/2010 – 6/2018;

Cardean Learning Group (online education company), Instructor of Managerial Strategy &  
Managerial Finance, 01/2009 – 12/31/2012;

Reichert Foundation, Executive Director of Family Run Foundation, 04/2009 – Present;

Milanak Wealth Management, LLC, Managing Member, 01/2009 – 06/2010;

Wachovia Securities, LLC, Registered Representative/Investment Advisor Representative, 09/2006-01/2009

**Item 3 – Disciplinary Information**

As previously stated in Item 9 of this Disclosure Brochure, I have never been subject to a legal or disciplinary event.

**Item 4 – Other Business Activities**

Please refer to Item 10 of this Disclosure Brochure for information regarding my other business activities.

**Item 5 – Additional Compensation**

Please refer to Items 10, 12 and 14 of this Disclosure Brochure for information regarding additional compensation.

**Item 6 – Supervision**

Susan R. Milanak is the President and Chief Compliance Officer of GEM Financial Advisors and ultimately responsible for the firm's compliance program including establishing procedures designed to monitor and supervise the activities and services provided by the firm and its supervised persons. Ms. Milanak's phone number is 847-680-3082.

I supervise other advisors in my practice by reviewing all trades placed by other advisors, reviewing all written and all email correspondence between advisors and their clients. In addition, I review all recommendations made to advisory clients prior to the implementation of their advice. This includes but is not limited to reviewing all documents prepared for clients, and periodically sitting in on client meetings.

## Information Required by Part 2B of Form ADV: Brochure Supplement – Gregory Worcester

The following are responses to each item found in the Form ADV Part 2B instructions.

### **Item 1 – Cover Page**

**Gregory Worcester**  
GEM Financial Advisors, Inc.  
810 S. Waukegan Road  
Suite 200  
Lake Forest, IL 60045  
847-680-3082  
www.gemadvisors.com

This brochure supplement provides information about Gregory Worcester that supplements this Disclosure Brochure. Please contact Gregory Worcester if you have any questions about the contents of this supplement.

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

### **Item 2 – Educational Background and Business Experience**

**Gregory Worcester**, Born 12/1965

#### ***Education Background:***

Illinois State University, Bachelor of Arts in Economics, 1998

#### ***Business Background:***

GEM Financial Advisors, Inc.  
Investment Advisor Representative, 08/2013 – Present;  
LPL Financial, LLC,  
Registered Representative, 08/2013 – Present;  
LPL Financial, LLC,  
Registered Representative/Investment Advisor Representative, 09/2007- 08/2013

#### ***Professional Designations:***

##### **Certified Financial Planner (CFP)**

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. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

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 CFP® exam is a 170-question, multiple-choice test that consists of two 3-hour sessions over one day. The exam includes stand-alone and scenario-based questions, as well as questions associated with case studies.
- 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 adhere to high ethical and professional standards for the practice of financial planning, and to act as a fiduciary when providing financial advice to your client, always putting their best interests first.

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- Ethics – Renew an agreement to be bound by *CFP Board's Code of Ethics and Standards of 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.

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### ***Code of Ethics for CFP***

The following disclosure has been included in the COE section of the 2A.

In addition to abiding by our Code of Ethics, our representatives are Certified Financial Planners™ (CFP®) and also abide by the Code of Ethics and Responsibility Code of the Certified Financial Planner™ Board of Standards, Inc. The Code of Ethics and Responsibility Code requires CFP® designees to not only comply with all applicable laws and regulations but to also act in an ethical and professional responsible manner in all professional services and activities. area CFP® professional must:

- Act with honesty, integrity, competence and diligence
- Act in the client's best interests.
- Exercise due care.
- Avoid or disclose and manage conflicts of interest.
- Maintain the confidentiality and protect the privacy of client information.
- Act in a manner that reflects positively on the financial planning profession and CFP certification.

You can obtain a copy of the Code of Ethics and Standards of Conduct at [www.cfp.net](http://www.cfp.net) or by requesting a copy from one of our representatives.

### **Item 3 – Disciplinary Information**

As previously stated in Item 9 of this Disclosure Brochure, I have never been subject to a legal or disciplinary event.

### **Item 4 – Other Business Activities**

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### **Item 5 – Additional Compensation**

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