

Item 1: Cover

Firm Brochure

(Part 2A of Form ADV)

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March 5, 2020

dba



www.FinancialFreedomHouse.com

dba



www.FiduciaryFirewall.com

Part 2A of Form ADV (the "Brochure") provides information about the qualifications and business practices of Cygnet Financial Planning, Inc. ("Cygnet"). If you have any questions about the contents of this brochure, please contact us at (248) 673-2900, or by email at Service@FinancialFreedomHouse.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. Registration does not imply any level of skill or training, or endorsement of Cygnet by any regulatory body.

Additional information about Cygnet is available on the SEC's website at www.adviserinfo.sec.gov

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Item 2: Material Changes

Annual Updates

We are required to update certain information at least annually and within 90 days of our firm's fiscal year end ("FYE") of December 31.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this Brochure within 120 days of the close of our FYE along with a copy of the updated Brochure or an offer to provide the Brochure. We will provide you with a copy of the Brochure at any time upon request, without charge.

Material Changes Since the Last Update

Our last annual update was concluded on February 20, 2019. The notice of Material Changes was distributed to our clients at that time. Since that time, the following Material Changes have occurred.

- A large 401(k) plan terminated our ERISA §3(38) Plan Investment Management and ERISA §3(21) Participant Investment Advisory services. This occurred after the plan sponsor was acquired by a private equity firm and subsequently merged their plan into one sponsored by the private equity firm. At the time of the merger, this plan was valued at approximately \$18M.

Full Brochure Available

Whenever you would like to receive a complete copy of our Brochure, please contact us by telephone at (248) 673-2900 or by email at Service@FinancialFreedomHouse.com.

Additional information about Cygnit is also available via the SEC's web site www.adviserinfo.sec.gov.

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Item 4: Advisory Business

Firm Description

Cygnnet Financial Planning, Inc. ("Cygnnet") was established in 1982 and was incorporated as a C-Corp in 1983. Cygnnet converted to a S-Corp in 2018. It is headquartered in Waterford, Michigan. Cygnnet is a federally registered investment adviser ("RIA") with the SEC.

Cygnnet is a privately owned and independent corporation that is 100% owned by Theodore "Ted" Lakkides.

Fiduciary Certification

In 2016 Cygnnet became the 72nd firm in the USA, to have completed the "ISO-like" certification process by the Centre for Fiduciary Excellence and become a CEFEX-certified Investment Adviser & Fiduciary. CEFEX certification is conferred upon successful completion of the due diligence process that includes a detailed assessment of the firm's client files, procedures, as well as on-site interviews with key personnel. Continued certification is subject to an annual recertification audit and "peer review". Cygnnet's certification was renewed in July 2019. Cygnnet currently is 1 of 3 CEFEX-certified Investment Advisors in the state of Michigan.

CEFEX (Centre for Fiduciary Excellence) is an independent global assessment and certification organization that has conducted a voluntary third-party assessment of FFH's books and records to evaluate FFH's adherence to a defined fiduciary standard. The CEFEX assessment process is based upon ISO 19011 – an international standard and guideline for auditing management systems. More information about ISO 19011 can be found at www.iso.org/standard/70017.html. The CEFEX audit process is set forth at www.cefex.org/process.shtml.

CEFEX charges a fee to cover costs related to the initial and annual certification audit. FFH's fee for the initial certification audit in 2016 was \$5,000 plus travel costs and the fee for annual recertification audits has ranged from \$2,000 to \$4,000 plus travel costs. The fees paid do not have any bearing on the outcome of the audit or the determination of the CEFEX Registration Committee. Furthermore, FFH did not pay any additional fees after receiving certification in order to use the CEFEX mark or otherwise to refer to its certification.

Receipt of the CEFEX certification is not indicative of FFH's future performance, or any future performance pertaining to its clients' investments and should not be construed by a client or prospective client as a guarantee that they will experience a certain level of results if FFH is engaged, or continues to be engaged to provide investment advisory services. CEFEX certification should not be construed as a current or past endorsement of FFH by any of its clients. To FFH's knowledge, any investment adviser may seek certification from CEFEX. According to CEFEX, approximately 95% of firms that undergo assessment are determined to be in conformance with the defined fiduciary standard and are granted certification. For more information on CEFEX, please visit www.cefex.org.

Revenue Profile

The majority of Cygnnet's revenue (approximately 94%) is derived from fees charged to individuals, businesses, trusts, pensions, profit sharing and 401(k) plans for investment advisory, portfolio management, fiduciary services, and other fee-based services.

Cygnnet is a licensed resident insurance agent in the State of Michigan. It has contracts with various insurance companies and insurance brokerages which allows it and its properly licensed representatives to write insurance (life, health, disability, long term care, supplemental benefits, etc...) and fixed annuity business on behalf of Cygnnet's clients. First year commissions and renewal commissions from this activity accounts for approximately 6% of Cygnnet's annual revenue.

Insurance and Bonding

Cygnnet maintains a professional liability policy through Lloyds of London to cover its investment advisory, financial planning, consulting, and other professional services. This policy provides affirmative coverage for Cygnnet's service as a professional fiduciary for its individual, qualified retirement plan, and other institutional clients.

Cygnnet maintains a Cyber Breach Response Insurance Policy as part of its commitment to protect client data.

Cygnnet also maintains an ERISA fidelity bond as required for its service as a discretionary investment fiduciary for qualified retirement plans.

Advisory Services Description

Cygnat provides portfolio investment management, investment advisory, and financial planning services to individuals, business owners, corporations, estates, trusts, charitable organizations, and qualified retirement plans for a fee.

Cygnat's personal financial advice and planning services are provided by following a consultative and systematic process of cash flow analysis. A written evaluation of each client's financial situation is provided to the client using Cygnat's Financial Lifestyle AnalysisSM, a net worth statement, and, if warranted, a diagnostic analysis of their portfolio which features a review of total account fees and expenses, asset allocation, and investment due diligence. This information serves as the foundation for Cygnat's investment advisory recommendations and portfolio management services.

Cygnat's investment advisory and portfolio management services are designed to help clients efficiently manage their investments with respect to the risks of market volatility, longevity, and inflation. Cygnat's investment philosophy is grounded in the concepts of Modern Portfolio Theory and the Efficient Market Hypothesis and is implemented via strategic asset allocation.

Cygnat provides fiduciary investment advice and portfolio management services through its Cygnat Managed Accounts. These accounts are designed to help the Client achieve the goals and cash flow requirements identified in client meetings and the planning process.

Cygnat also provides ERISA §3(38) discretionary plan investment management and ERISA §3(21) non-discretionary participant investment advisory services to qualified retirement plans (defined contribution and defined benefit pension plans). When serving as an ERISA §3(38) fiduciary, Cygnat will develop, implement, and maintain the Investment Policy Statement; select and monitor plan investments; and the develop and maintain managed strategies (asset allocation models) for plan participant which utilize plan investments. When serving as an ERISA §3(21) fiduciary, Cygnat will provide one-on-one investment advice and consultation to plan participants during the enrollment process and subsequent worksite service visits. The scope of services to be provided is defined in the signed written agreement between Cygnat and the Plan.

On the following pages are descriptions of the general characteristics of the investment advisory and portfolio management services offered by Cygnat including types of investments utilized, discretionary authority, management fee structures, payment of fees, termination of agreements, and other fees and compensation.

For a more complete discussion and disclosure regarding services or fee structure, Cygnat provides clients with a detailed advisory agreement, an Investment Policy Statement, and a copy of this Brochure. These documents will be provided at or prior to account opening.

Discretionary Authority

Clients may give Cygnat discretionary authority to manage their account. This authority and its scope is disclosed in the applicable advisory agreement that is entered into between the client and Cygnat.

Advisory Services Offered

Cygnat offers its clients several investment advisory and portfolio management options. After consultation with a client, Cygnat and the Investment Adviser Representative ("IAR") determine which platform, asset allocation, and investment strategy to recommend based on the client's income needs, investment goals, risk tolerance, account size, and other material information.

Cygnat Managed Account

Cygnat Managed Accounts give Cygnat and its IARs the ability to implement asset allocation and investment strategies to meet clients' individual financial situation and investment objectives.

Cygnat Managed Accounts are managed on a discretionary basis. The granting of this discretionary authority and any limitations on it are documented in the agreement signed by the client and Cygnat. The investment advisory and portfolio management services that the IAR and Cygnat provide to clients are similar regardless of the account structure or model allocation selected. When using a Cygnat Managed Account, the client pays separate fees for investment advice and portfolio management, institutional custody, and recordkeeping platform services.

Cygnat Managed Accounts are provided in the following account structures.

ETF Managed Account

ETF Managed Accounts are portfolios of passively managed Exchange Traded Funds ("ETFs") managed by Cygnat on a discretionary basis. These accounts are managed using the trading, performance reporting, and recordkeeping software developed and maintained by Envestnet | Tamarac ("Platform"). TD Ameritrade serves as an independent and unaffiliated custodian.

Mutual Fund Managed Account

Mutual Fund Managed Accounts are portfolios of no-load index mutual funds, passively managed institutional mutual funds, and other investments such as actively managed mutual funds and CDs deemed prudent by Cygnit in its role as the client's investment fiduciary. These accounts are managed by Cygnit on a discretionary basis using the trading, performance reporting, and recordkeeping software developed and maintained by Investnet | Tamarac ("Platform"). TD Ameritrade serves as an independent and unaffiliated custodian.

Cygnit Managed Annuity

Cygnit Managed Annuities are primarily used by Cygnit for those clients with non-qualified assets who are seeking tax-deferred growth and earnings. Cygnit Managed Annuities utilize the same investment process and philosophy as Cygnit Managed Accounts. When using a Cygnit Managed Annuity, the client pays separate fees for Cygnit's investment advice and portfolio management services and the annuity custody/recordkeeping platform.

No-Load Variable Annuity Account

No-Load Variable Annuity Accounts are managed by Cygnit using the platform and investment options offered within Nationwide's (formerly Jefferson National) no-load variable annuity. Cygnit may utilize no-load variable annuities from other providers based upon client needs and developments in the no-load annuity marketplace.

No-Load Fixed/Index Annuity Account

No-Load Fixed/Index Annuity Accounts are managed by Cygnit using the no-load fixed/index annuity platform and investment options offered by Lincoln Financial and Nationwide. Cygnit may utilize no-load fixed-index annuities from other providers based upon client needs and developments in the no-load annuity marketplace.

Portfolio Diagnostic Analysis and Portfolio Management Assistance

Cygnit provides limited scope and duration advisory services to clients who do not wish to retain Cygnit to provide discretionary portfolio management services.

Portfolio Diagnostic Analysis

Upon request, Cygnit will conduct a diagnostic and due diligence analysis of a client's investments, portfolio allocation, and fees.

Portfolio Management Assistance

Cygnit can provide investment advice and portfolio management assistance for client accounts held by other financial institutions. These services may include a periodic review of the client account(s) and clerical assistance in allocating and rebalancing the account(s). Services are non-discretionary; the client must consent to or execute trades themselves. The scope of services to be provided will be documented in the agreement signed by the client.

Qualified Plan Consulting and Fiduciary Investment Services

Cygnit provides ERISA §3(38) investment management, ERISA §3(21) investment advisory, and general consulting services to sponsors, trustees and participants of qualified retirement plans that include but are not limited to defined benefit pension plans, profit sharing plans, §401(k) plans, §403(b) plans, §457 Plans, etc.... ("Plan")

Cygnit's Qualified Pension Consulting and Fiduciary Investment Services include, but are not limited to, the following:

- Development, implementation, and maintenance of an Investment Policy Statement ("IPS")
- Due diligence screening and ongoing monitoring of Plan investment options
- Selection and replacement of Plan investment options
- Development and maintenance of managed strategies ("asset allocation models") that utilize Plan investments
- Allocation of investments within the Plan
- Review of investment performance and fees
- Participant fiduciary investment advice during enrollment meetings and worksite service visits

The full scope of the services to be provided and the fees to be charged by Cygnit are documented in the written agreement between the Plan trustees (or other authorized person) and Cygnit. In this agreement, Cygnit will acknowledge that it is a fiduciary to the Plan and its participants for the services Cygnit has been retained to provide. The full scope of Cygnit's fiduciary obligation and Cygnit's acceptance of fiduciary liability is specified in the written agreement between the Plan and Cygnit.

Financial Planning Services

Cygnnet provides comprehensive planning, analysis, and recommendations in the area of Financial Planning, Investment Planning, Retirement Planning, Insurance Planning, Estate Planning, Benefits Planning, Tax Planning, and Business Planning. Cygnnet's IARs and professional staff carefully review the information and related documents supplied by the client to prepare a financial plan and report unique to that client.

Financial plans are developed using Cygnnet's Financial Lifestyle AnalysisSM (a cash-flow based analysis) and/or Money Guide Pro financial planning software.

Several financial plans and reports are available from Cygnnet and are described below:

- Develop a Pre-Retirement Cash Flow Plan to assist the Client in developing a clear picture of their current financial situation while helping them chart a course of action that blends future quality of life with career goals.
- Develop a Post-Retirement Cash Flow Plan to assist the Client after they have retired in developing a clear picture of their current financial situation while helping them chart a course of action that maximizes the value of all their benefits and assets during the retirement years.
- Develop an Asset Allocation Plan, based on the Client's goals and objectives, and recommend generic or specific investments for the repositioning of current and future investable dollars where appropriate.
- Develop an Estate Plan to assist the Client in developing a strategy for distribution of estate while minimizing taxes. (This plan must be reviewed with Client's tax or legal advisor).
- Conduct an Insurance Policy Analysis to assess the appropriateness of the Client's existing insurance policies.
- Develop a Charitable Gifting strategy that achieves the Client's altruistic objectives while also satisfying the Client's cash flow needs.
- Develop a Financial Check-Up to help Client determine if they are on track to achieve their financial goals.
- Assist Client in developing a plan to finance future education costs.
- Assist Client in developing a debt reduction strategy.

Implementation requires that clients work closely with their attorney, accountant, insurance agent, investment professional. However, implementation is up to client's discretion. Clients are under no obligation to act on our recommendation. If they elect to act on any or all of the recommendations, clients are under no obligation to effect the transactions through Cygnnet.

Regulatory Assets Under Management

As of 12/31/2019, Cygnnet's discretionary regulatory Assets Under Management (AUM) totaled \$134,032,930.

This total is broken down as follows:

- \$90,107,870 for service as a discretionary investment fiduciary for individuals using our Cygnnet Managed Accounts and Cygnnet Managed Annuities platforms.
- \$43,925,060 for service as a discretionary ERISA §3(38) plan investment manager and fiduciary for qualified retirement plans.

Cygnnet also provides ERISA §3(21) investment advisory services to most of the plans it is providing ERISA §3(38) services to.

Item 5: Fees and Compensation

Cygnnet Managed Accounts

Clients using Cygnnet Managed Accounts are charged an annual fee for investment advice and portfolio management by Cygnnet. The annual fee is a blended fee and is based on the value of the account on the last day of the preceding quarter per the following tiered fee schedule. Cygnnet does not impose a minimum annual fee. Cygnnet reserves the right to negotiate lower fees with clients than those described below.

Cygnnet Managed Accounts Fee Schedule

Account Value Tiers			Maximum Fee Charged by Cygnnet per Tier*
\$0	to	\$49,999	1.50%
\$50,000	to	\$99,999	1.35%
\$100,000	to	\$249,999	1.20%
\$250,000	to	\$499,999	1.00%
\$500,000	to	\$999,999	0.80%
\$1,000,000	or	more	0.40%

* This account fee schedule does not include internal mutual fund/ETF expenses, platform/recordkeeping fees, or any fees charged by the account custodian, or other service providers.

As specified in the signed advisory agreement, Cygnnet's fees are billed quarterly, in advance, on the 1st day of the quarter. Accounts opened during the quarter, will be charged at the beginning of the next billing period. The initial fee is prorated for the number of days the account was open based on the account start date through the end of the quarter during which the account was opened and funded.

Additional deposits of funds and/or securities greater than \$10,000, in sum total for the quarter, will be billed on a prorated basis and subject to the billing procedures described above. Withdrawal of funds and/or securities greater than \$10,000, in sum total for the quarter, will cause fees to be refunded to the client on a prorated basis subject to the billing procedures described above. Unless otherwise specified, fees are automatically deducted from the account pursuant to terms of the signed advisory agreement.

For example, a client depositing \$5,000 on the 10th day of each month would be billed as follows for a quarter that is 90 days long. Thus, the first deposit will be billed for the 80 days (90 – 10) remaining in the quarter; the second will be billed for the 50 days (90 – 40) remaining in the quarter; and, the third deposit will be billed for the 20 days (90 – 70) remaining in the quarter. The daily fee charged equals the annual percentage fee for the account divided by 365.

Under the scenario above, at the next regular quarterly billing opportunity, the client will be billed the following prorated amount (in arrears) for these additional deposits in the prior quarter.

- *Fee for the 1st deposit = \$5,000 x the daily fee x 80 days*
- *Fee for the 2nd deposit = \$5,000 x the daily fee x 50 days*
- *Fee for the 3rd deposit = \$5,000 x the daily fee x 20 days*

Billing of client accounts is executed by Cygnnet using the recordkeeping and rebalancing software developed and maintained by Envestnet | Tamarac. Cygnnet's operations staff will review a representative sample of the billings prepared each quarter to assure that the fees billed are consistent with the signed advisory agreement.

Termination of Agreement

Cygnnet's advisory agreements for Cygnnet Managed Accounts may be terminated by either party at any time by written notice. Fees paid in advance will be prorated to the date of termination and any unearned portion of the fee will be refunded to the client.

Cygnnet Managed Annuities

Clients using a Cygnnet Managed Annuity are charged a maximum annual fee of 1.25% for investment advice and portfolio management by Cygnnet. The annual fee is a fixed rate fee and is not part of a tiered fee schedule. Cygnnet does not impose a minimum annual fee. Cygnnet reserves the right to negotiate lower fees with clients. This account fee does not include any charges by the no-load variable or fixed-index annuity provider including, but not limited to, contract charges, internal mutual fund/subaccount fees, mortality and expense fees, or riders.

Cygnnet's fees for Cygnnet Managed Annuities are billed on the last day of each quarter (in arrears for the quarter) and are based on the average daily account value for that quarter. Unless otherwise specified, fees are automatically deducted from the account pursuant to terms of the signed advisory agreement. Billing of client accounts are prepared and executed by the no-load annuity provider. Cygnnet's operations staff will review a representative sample of the billings prepared each quarter by the no-load annuity provider to assure that the fees billed are consistent with the signed advisory agreement.

Termination of Agreement

Cygnnet's advisory agreements for Cygnnet Managed Annuities may be terminated by either party at any time by written notice. Fees paid in advance will be prorated to the date of termination and any unearned portion of the fee will be refunded to the client.

Portfolio Diagnostic Analysis and Portfolio Management Assistance

Cygnnet may charge a fixed fee or an hourly rate ranging from \$60 to \$350 per hour when providing Portfolio Diagnostic Analysis and Portfolio Management Assistance services. The fixed fee or maximum total charges (if hourly rate in effect) will be agreed upon in advance.

Termination of Agreement

Cygnnet's Portfolio Diagnostic Analysis and Portfolio Management Assistance services may be terminated at any time by either party without penalty by giving written notice. Any fees paid by the client in such situations and not yet earned by Cygnnet will be refunded based on the time, effort, and expenses incurred by Cygnnet.

Qualified Plan Consulting and Fiduciary Investment Services

Cygnnet's fee for Qualified Plan Consulting and Fiduciary Investment Services are generally an annual fixed flat-dollar fee. However, Cygnnet may charge a one-time fee, and/or a percentage of assets fee. The specific fee charged each Qualified Plan client is documented and defined in the signed written agreement between Cygnnet and the Plan or its authorized representative.

Fees charged by Cygnnet for its Qualified Plan Consulting and Fiduciary Investment Services are unique to each Qualified Plan. The fee charged to a specific Qualified Plan is based on a number of factors which include the number and location of worksites, the number of eligible employees, the frequency of worksite service visits, the scope of fiduciary liability being assumed by Cygnnet, and the total value of Plan assets. For Cygnnet's current clients this fee ranges from \$1,250 to over \$40,000 per year.

Ongoing fees for Qualified Plan Consulting and Fiduciary Investment Services are generally billed, in advance, each quarter. For accounts opened during the quarter, the fee will be prorated for the days remaining in the quarter and added to the fee charged for the next quarter. Fees may be paid by the sponsor of the Qualified Plan or directly deducted from the assets of the Qualified Plan. This process is described in the signed written agreement between Cygnnet and the Plan or its authorized representative.

Termination of Agreement

Qualified Plan Consulting and Fiduciary Investment Services agreements may be terminated by Cygnnet or the Plan Administrator or Trustees by written notice per the terms specified in the written agreement in effect. If services are terminated during the quarter, the fee will be prorated for the days remaining in the quarter and any prepaid, unearned fee will be refunded as soon as administratively possible. Refer to the signed written agreement between Cygnnet and the Plan for details regarding fees, payments, termination and refund policies.

Financial Planning Services

Financial planning fees may be hourly or fixed depending upon the services performed. Hourly fees range from \$60 to \$350 per hour. Financial planning fees are separate from any fees or commissions clients might incur when implementing Cygnit's financial planning recommendations. This applies whether the client elects to implement them by working with Cygnit and its IARs or another firm.

Financial planning fees are quoted for specific plans depending on the type and method of delivery. There are four methods of delivery: person to person, workshop, internet, or by phone/mail. Prices vary by product and by circumstances. Each case is individually quoted.

Cygnit may, on occasion, adjust its financial planning fees to reflect fees earned from Cygnit Managed Accounts and Cygnit Managed Annuities; commissions earned from insurance or securities transactions; and revenue from other business Cygnit may have with a financial planning client.

Termination of Agreement

Cygnit's Financial Planning Agreement may be terminated at any time by either party without penalty by giving written notice. Any fees paid by the client in such situations and not yet earned by Cygnit will be refunded on either a pro-rata basis or based on the time and effort and expenses incurred by Cygnit.

Other Fees

Fees charged by Cygnit for Cygnit Managed Accounts, Cygnit Managed Annuities, or Qualified Plan Consulting and Fiduciary Investment Services do not include platform/recordkeeping fees, custody fees, mortality and expense fees, internal mutual fund/ETF expenses, management fees charged by third party money managers, or retirement plan recordkeeping and administration fees.

- Mutual funds, ETFs, and variable annuity subaccounts charge management fees (including 12b-1 fees) for investment management, internal fund administration, and marketing. This management fee is called an expense ratio and is disclosed in the fund prospectus. For example, an expense ratio of 0.50% [also referred to as 50 basis points (bps)] means that the mutual fund company charges 0.50% of the assets in the mutual fund for their services. Performance figures quoted for mutual funds, ETFs, and variable annuity subaccounts are after management fees have been deducted.
- Custodial and brokerage fees include but are not limited to asset based fees to buy and sell securities, transaction fees to buy and sell securities, transfer taxes, wire transfer and electronic fund transfer fees.
- Platform/Recordkeeping fees consist of, but not limited to, asset based or fixed fee for daily recordkeeping, performance reporting, online portal for clients or qualified retirement plans, and other related services.

Other Compensation

When providing Cygnit Managed Accounts, Cygnit Managed Annuities, Portfolio Diagnostic Analysis and Portfolio Management Assistance, and Qualified Plan Consulting and Fiduciary Investment Services, neither Cygnit nor its IARs receive sales-based compensation, commissions, 12b-1 fees, or any other form of direct or indirect compensation. There is no revenue sharing between Cygnit and any of the financial products or service providers utilized in client account(s).

As disclosed in Item 10, Cygnit's IARs are also licensed insurance agents. This represents a potential conflict of interest when implementing Cygnit's financial planning recommendations.

Item 6: Performance-Based Fees

Disclosure

Cygnnet does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7: Types of Clients

Description

Cygnnet generally provides investment advisory and portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, estates, and trusts.

Client relationships vary in scope and length of service.

Minimum Account Sizes

Cygnnet has established the following minimum account size requirements for:

- Cygnnet Managed Account: Mutual Fund Managed Account
 - Foundation -> \$1,000 initial investment + \$100 per month systematic deposit
 - CORE -> \$50,000
 - Premier -> \$100,000
- Cygnnet Managed Account: ETF Managed Account -> \$10,000
- Cygnnet Managed Annuity: No-Load Variable Annuity -> \$25,000
- Cygnnet Managed Annuity: No-Load Fixed/Index Annuity -> \$10,000

Cygnnet reserves the right to reduce this minimum account size requirement on a case-by-case basis.

Cygnnet has no minimum size requirements for its Qualified Plan Consulting and Fiduciary Investment Services.

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

Methods of Analysis

Cygnat does not analyze individual securities but rather evaluates the clients' investments in the context of an overall asset allocation strategy and/or financial plan developed during consultation between Cygnat's IAR and the client to determine whether the client's investments are in line with their financial objectives.

As part of its investment research, analysis and due diligence efforts, Cygnat primarily uses research and software services from Envestnet|Tamarac, fi360, Morningstar, TD Ameritrade, and information provided by sponsors of mutual funds, ETFs, variable annuities, and other financial product and service providers. Other sources of information that Cygnat uses includes financial newspapers, magazines and financial related websites.

Cygnat utilizes these resources to develop, monitor, and manage asset allocation strategies; and, select and/or monitor the specific investments to be used in a client account.

Investment Strategies and Philosophy

By its nature financial planning looks to the long term. After evaluating the clients' short-term cash requirements, emergency funds, retirement and other objectives, and insurance coverage requirements, Cygnat designs, implements, and manages investment strategies to help clients achieve their financial goals.

The first step in formulating an investment strategy is to develop a financial plan to project future cash flow resources and requirements. This analysis is done by using Cygnat's Financial Lifestyle AnalysisSM and compiling a net worth statement. The Financial Lifestyle AnalysisSM is a dynamic analysis that is based on the client's future pattern of wages, Social Security and pension benefits, retirement savings contributions, investment earnings, and eventual withdrawals from savings. The potential shortcoming of this analysis is that if any one of these variables changes, the actual cash flow achieved may differ from that which was projected. For these reasons clients are encouraged to periodically "re-run their numbers". For clients that have already completed a Financial Lifestyle AnalysisSM, Cygnat may use Money Guide Pro for additional and more in-depth financial planning.

Cygnat's investment philosophy is grounded on the premise that one cannot predict the timing, volume, direction, and amount of change for specific investments or asset classes. In an effort to minimize portfolio risk given the random nature of the markets, we rely upon the foundation provided by Modern Portfolio Theory ("MPT"). MPT seeks to assemble a portfolio of investment asset classes that are mathematically correlated in such a way as to "offset" each other's movements to manage investment risk and volatility of the overall portfolio.

Accordingly, the primary process Cygnat uses to manage client accounts is strategic asset allocation. We typically utilize a combination of no-load index mutual funds and passively managed institutional mutual funds. The determination of which type of asset allocation to use depends on the client's goals, objectives, tax-sensitivity, and other considerations. Portfolios are globally diversified to control the risk associated with traditional markets. While MPT and asset allocation is generally considered an effective and efficient method of managing risk, it does not eliminate portfolio volatility nor guarantee that the targeted rate of return will be achieved. The specific investment strategy and asset allocation for any given client is based upon the objectives, findings, and recommendations resulting from the client consultation process. The client may change these objectives at any time.

To test the statistical probability of the client achieving their financial goals, Cygnat will offer to test a client's financial plan and current allocation of portfolio assets using Monte Carlo Simulation ("MCS"). MCS is a statistical method of analyzing the likelihood of success or failure of achieving financial goals based on running multiple market scenarios and plotting the results. While MCS provides statistical insight, it is not a predictor nor guarantor of future success or failure.

Cygnat does not engage in investment timing strategies. As a general rule, most of Cygnat's clients' accounts are long-term positions, although short-term purchases may occur based on the client's needs. Changes are made for tactical purposes and may also be made as a result of the findings of periodic investment quality control screens in the client's Investment Policy Statement, or a change in the client's financial situation, goals and/or investment objectives.

Risk of Loss

All types of investments and investment programs for which Cygnit and its IARs offer advice have certain risks that are borne by the investor. Our investment product and strategy suggestions constantly keep the risk of loss in mind and acknowledge that no single investment solution can protect against all types of risk. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds, US government securities, corporate debt securities, certificates of deposits and municipal securities become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, unit investment trust or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar in the future, because purchasing power erodes at the rate of inflation. For example while a certificate of deposit will protect against market risk by virtue of its guaranteed principal, it may leave a holder more exposed to inflation risk than a person investing in the equity markets over the long-term.
- **Currency Risk:** Overseas investments are subject to the fluctuations in the value of the dollar compared to the currency of the investment's country of origin. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities such as corporate debt securities, certificates of deposits and municipal securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it (a lengthy process), before they can generate a profit. They carry a higher risk to profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like. Business risk is of particular concern for individual company-specific equity or debt securities, direct participation programs, limited partnerships, or sector specific investment company securities and unit investment trusts.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while investments such as real estate, direct participation programs, limited partnerships, etc... are not as liquid.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk to profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in a declining market value and/or bankruptcy.

Types of Investments

While Cygnit and its IARs are able to offer guidance and advice on a wide range of investments, Cygnit and its IARs primarily utilize no-load index mutual funds, passively managed institutional mutual funds, and index-based ETFs when managing client accounts. On occasion, Cygnit and its IARs also recommend and invest client assets in no-load variable annuities, no-load fixed/index annuities, CDs, and US Treasuries.

Item 9: Disciplinary Information

Legal and Disciplinary

Registered Investment Advisors ("RIAs") are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of their management. The following pertains to our company:

- Neither Cygnit nor its management persons have any disciplinary information to disclose related to civil or criminal litigation.
- The Corporations, Securities & Commercial Licensing Bureau of the State of Michigan (the "Bureau") issued a cease and desist order in February 2018 alleging that Darwin Moore was acting as an unregistered IAR of Cygnit. Prior to the order, Cygnit initially sought registration for Mr. Moore as an IAR and completed all required elements for Mr. Moore's registration except for a clerical error that occurred during the payment of the filing fee. Cygnit's staff discovered the clerical error in November 2017, disclosed it to the Bureau, corrected the clerical error, and successfully registered Mr. Moore as an IAR prior to the cease and desist order being issued. Without admitting nor denying the Bureau's allegations, Cygnit agreed to settle the matter by paying a civil fine of \$1,000. The fine was paid on June 13, 2018.

Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities

Cygnit is a Registered Investment Adviser and financial planning firm. All of Cygnit's IARs are also licensed insurance agents. This represents a potential conflict of interest when implementing Cygnit's financial planning recommendations.

Commissions paid to Cygnit and/or the IAR related to the sale of insurance products represent a potential conflict of interest. In these situations, the commission to be earned by Cygnit and/or its IAR will be disclosed to the client prior to the sale and all efforts will be taken to assure that the commission being paid is reasonable relative to the marketplace for such products.

Clients are under no obligation to purchase insurance products through any particular insurance agency or representative and may affect any of these transactions as they may so desire.

Affiliations

The following arrangements are material to Cygnit's investment advisory business and the other services Cygnit provides to its clients.

- Cygnit is a licensed resident insurance agent in the State of Michigan and has a contract with Ash Brokerage, LLC to assist it in the underwriting and placement of its insurance (life, disability, long term care, etc.), fixed annuity, and equity index annuity business.
- Cygnit also has contracts with various other insurance companies in addition to Ash Brokerage for life, disability, long term care, medical, health, etc... products not available through Ash Brokerage, LLC.
- All of Cygnit's IARs are licensed to sell life and annuity insurance products through these relationships. Cygnit, as well as the appropriately licensed IARs, will receive compensation for the sale of such products.

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

Code of Ethics

Cygnit has adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business conduct and fiduciary duty to our clients. A copy of our Code of Ethics is available upon request. All supervised persons at our firm must acknowledge the terms of the Code of Ethics and submit records of their personal securities transactions and holdings annually to Cygnit's compliance officer.

Our Code of Ethics is designed to ensure that our supervised persons adhere to the following:

- Observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties;
- Acknowledge their fiduciary obligation to our clients;
- Disclose all actual or potential conflicts;
- Adhere to the highest standards of loyalty, candor and care in all matters relating to our clients;
- Conduct all personal trading consistent with the Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and
- Not use any material non-public information in securities trading.

The Code of Ethics also establishes policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of these rules, our personnel may not:

- Effect securities transactions while in the possession of material, non-public information;
- Disclose such information to others;
- Participate in fraudulent conduct involving securities held or to be acquired by any client; and
- Engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of these rules.

Participation or Interest in Client Transactions

Cygnit and its supervised persons may buy or sell securities that are also held by clients. Supervised persons may not trade their own securities ahead of client trades. Supervised persons must comply with the provisions of the Cygnit Compliance Manual.

Personal Trading

Cygnit's Access Persons are required to conduct their personal investment activities in a manner that is not detrimental to our advisory clients. They are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where Cygnit's IARs may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons (defined as investment personnel, which includes portfolio managers, assistant portfolio managers, research analysts and trading room personnel, officers of Cygnit, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Code of Ethics is available to clients and prospective clients from our firm upon request.

Cygnit's IARs may buy or sell for their own accounts, securities that are also held by their clients. Conversely, they may buy and sell securities for client accounts which they themselves may own. Such transactions are permitted if in compliance with Cygnit's policy on personal securities transactions. Reports of personal transactions in securities by Cygnit's IARs are reviewed by our firm's Compliance department quarterly or more frequently if required.

Item 12: Brokerage Practices

Selecting Brokerage Firms

Cygnit has established and maintains a custodial and trading account at TD Ameritrade Institutional ("TD Ameritrade"), a division of TD Ameritrade, Inc. member FINRA/SIPC/NFA.

Cygnit requires that client's investing in a Cygnit Managed Account utilize TD Ameritrade as the institutional custodian for their account.

Clients who have engaged Cygnit to provide Qualified Plan Consulting and Fiduciary Investment Services may utilize any qualified institutional trust company or custodian. These clients are not required to utilize TD Ameritrade.

Clients receiving Non-Discretionary Investment Review Services, Portfolio Management Assistance, or Financial Planning Services are free to implement advisory recommendations through any firm and are under no obligation to purchase or sell securities through TD Ameritrade.

We do not warrant or represent that commissions or transaction fees for trades placed through TD Ameritrade are lower than those charged by all other custodians in the marketplace. However, Cygnit will comply with its fiduciary duty to assure best execution of client transactions and the reasonableness of fees being charged for custody services and transactions.

Trading Authority

Cygnit's IARs may occasionally accept limited trading authority from clients for non-Cygnit Managed Accounts when it is necessary to assist in implementing their investment strategy. Types of securities, as well as dollar size of transactions, are specifically noted in the written client agreement.

Soft Dollars

Cygnit receives no products, research, or services (i.e. soft dollars) that it would consider a material factor in its decision to utilize a particular broker-dealer, custodian, or mutual fund company.

However, our firm does receive certain services and products from our custodian (TD Ameritrade Institutional) and the various investment companies used in Cygnit Managed Accounts and Cygnit Managed Annuities, such as fundamental research reports, technical and portfolio analyses, pricing services, economic forecasting and general market information, historical database information and computer software that assist our investment management process.

Nonetheless, when selecting a particular broker for execution of client's transactions, we will seek to obtain most favorable terms under the circumstances by considering such factors as: price, execution capability, reliability, responsiveness, financial responsibility, and the value of any products or services provided by such brokers.

Best Execution and Order Aggregation

From time to time and only where appropriate, we may aggregate or "block" or "batch" orders for buying or selling a particular security for more than one client invested in the Cygnit Manage Account program and, in appropriate circumstances, include Cygnit and our IAR's accounts. In doing so, we strive to treat each client fairly and will not favor one client or Cygnit and our IAR's account over another client. Each account that participates in an aggregated order will participate at the average share price for all of the transactions submitted in that order by us in that security on a given business day. The purpose of aggregating orders is for our administrative convenience and, in some transactions, to obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately. Aggregated orders may also permit us to execute trades in a more efficient and timely manner.

We block trades where we believe it is appropriate and advantageous to clients. There are, however, circumstances specific to individual clients that may limit our ability to include the client's account in aggregate trades. For example, when clients place restrictions on their accounts, when there may be times when price sensitivity or urgency to complete a trade differs.

We do not aggregate orders for open-ended mutual funds since, unlike exchange-traded funds, mutual fund prices do not change throughout the trading day.

Trading Errors

Cygnit monitors and reconciles all trading activity on a daily basis. Cygnit is not responsible or liable for trading errors committed by the institutional custodian for client accounts, however Cygnit will attempt to resolve any such trading errors on behalf of the client. In the event that a trading error is a direct result of an incorrect or erroneous order submitted by Cygnit to the institutional custodian, Cygnit will correct such errors at its expense.

Item 13: Review of Accounts

Periodic Reviews

While the underlying securities in client accounts are continually monitored, client accounts are reviewed at least annually. Reviews of client investment accounts typically look at portfolio consistency with regards to risk tolerance, investment time horizon, performance objectives, asset allocation instructions and other factors documented in the Investment Policy Statement signed by the client.

Clients who are also receiving financial planning services are reviewed on an agreed upon schedule. Reviews cover progress toward financial independence, anticipated distributions toward family legacy goals, anticipated distributions for charitable goals, as well as other goals communicated by the client.

Other Review Triggers

Accounts will also be reviewed upon notice of changes in a client's personal or financial situation, changes in the tax laws, new investment information, and during periods of extreme market volatility.

Regular Reports

Clients are provided with monthly or quarterly account statements from their account custodian or no-load variable annuity provider. Reports include details of client holdings, asset allocation, and other transaction information.

Cygnit Managed Account clients will receive a quarterly performance report from Cygnit that is prepared using the performance reporting tools provided by Envestnet | Tamarac. These reports are also available on-demand.

Comparisons to market indices and account performance documented in these reports may be used to evaluate account performance.

Item 14: Client Referrals and Other Compensation

Incoming Referrals

Cygnnet does not engage solicitors. However, Cygnnet does on occasion receive a referral to a potential client from the current client's attorney, accountant, family members, co-workers, or personal friends. Cygnnet may, on occasion, provide a nominal non-cash gift (\$100 or less) to the referrer. This normally is in the form of meals, tickets, gift certificates, etc.... In the event that a material referral relationship exists or if one becomes material, it will be disclosed to the client being referred.

Referrals Out

Cygnnet does not act as a solicitor for any other service provider.

Material Referral Relationships

Cygnnet has a material referral relationship with the following persons and/or entities:

- **Fiduciary Firewall Consulting, Inc. ("FFC")**, is Cygnnet's primary source of 401(k) retirement plan investment advisory business. Cygnnet also refers to FFC those clients who need plan management and/or fiduciary consulting services. There is a familial relationship between the principals of Cygnnet and Fiduciary Firewall Consulting, Inc. This relationship is disclosed in writing to Plan trustees who are free to utilize other providers. Neither Cygnnet nor FFC share revenue or compensate each other. Both Cygnnet and FFC have separate service agreements with the client plans. The only fees or compensation each party received are those paid by the client by the terms of each plan's service agreement.
- **Corporate Plan Administrators, Inc. ("CPA")**, dba Fiduciary Firewall Administrators, Inc., is Cygnnet's primary source of 401(k) retirement plan investment advisory business. Cygnnet also refers to CPA those clients who need plan administrative services. There is a familial relationship between the principals of Cygnnet and CPA. This relationship is disclosed in writing to Plan trustees who are free to utilize other providers. Neither Cygnnet nor CPA share revenue or compensate each other. Both Cygnnet and CPA have separate service agreements with the client plans. The only fees or compensation each party received are those paid by the client by the terms of each plan's service agreement.
- **Fitzpatrick Financial Services, Inc.** and Cygnnet have a material referral relationship for Cygnnet's clients in need of tax preparation and other accounting services and Fitzpatrick Financial Services' clients in need of investment advisory, portfolio management, and financial planning services. Neither Cygnnet nor Fitzpatrick Financial Services, Inc. compensate each other for referrals or share any form of revenue.

Item 15: Custody

Custody Policy

Pursuant to the written authorization contained in the advisory agreement signed between Cygnnet and the client, Cygnnet is authorized to debit its agreed upon fees from client accounts.

Under SEC regulations, the ability to debit fees pursuant to a client agreement is deemed as constructive custody. Because Cygnnet's clients use TD Ameritrade or other qualified institutional custodians, Cygnnet is not considered to be in custody of client assets.

Our formal policy is that under no circumstance with either Cygnnet or its advisory affiliates provide custody services. This includes possession of client securities or property, receipt of checks made payable to the client's account by a third-party, or by initiating or changing the movement of money from a client account to a third-party account where this client is not one of the named account holders.

Account Statements

Clients should receive at least quarterly statements from a qualified custodian that holds their investment assets. Clients are urged to compare the account statements received directly from their custodians to any performance reports or consolidated statements provided by Cygnit to assure that the holdings, the dollar amount invested in each holding, and transactions are accurately documented.

Item 16: Investment Discretion

Discretionary Authority for Trading

Cygnit accepts discretionary authority to manage asset allocation accounts on behalf of its clients. In these cases Cygnit has the authority to determine, without obtaining specific client consent, broker-dealer or custodian to be used, the securities to be bought or sold, and the amount of the securities to be bought or sold in an effort to rebalance the current asset allocation model. This authority extends to the ability to replace account investments per a formal and documented due diligence criteria and/or modify the account's asset allocation so that it remains consistent with the client's objectives as stated in the Investment Policy Statement signed by the client.

However, Cygnit will not change the risk-reward profile and objective of the client's account without prior written authorization from the client.

Written Agreement

The scope of Cygnit's discretionary authority will be documented in a signed written agreement between Cygnit and the client or their authorized representative.

Item 17: Voting Client Securities

Proxy Votes

As a matter of firm policy and practice, Cygnit does not have authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. However, an IAR may provide advice or education regarding the clients' voting of proxies.

Item 18: Financial Information

Financial Condition

Cygnit does not have any financial impairment that will preclude the firm from meeting its contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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



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