

**Part 2A of Form ADV: *Firm Brochure***

**Financial Concepts**

1121 Second Ave. N. Columbus, MS 39701

Telephone: 662-327-1480

Email: [stf@fincon.net](mailto:stf@fincon.net)

Web Address: [www.fincon.net](http://www.fincon.net)

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**This brochure provides information about the qualifications and business practices of Financial Concepts. If you have any questions about the contents of this brochure, please contact us at 662-327-1480 or [rsf@fincon.net](mailto:rsf@fincon.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Financial Concepts also is available on the SEC's website at [www.FinancialConceptsinfo.sec.gov](http://www.FinancialConceptsinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 157616.**

## **Item 2        Material Changes**

This Firm Brochure is our disclosure document prepared according to the SEC's requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

- Financial Concepts is no longer maintains a custodial relationship with Charles Schwab, Inc.

This brochure dated May 14, 2020, serves as an update to the last annual update of the brochure dated March 19, 2020. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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#### **Item 4            Advisory Business**

Financial Concepts is an SEC investment Financial Concepts with its principal place of business located in Mississippi. Financial Concepts began conducting advisory business in 2011.

Listed below are the firm's principal shareholders

- Rhonda S. Ferguson, President
- Scott Ferguson, Chief Compliance Officer

Financial Concepts offers the following advisory services to our clients:

##### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's strategy and create and manage a portfolio based on that strategy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We design portfolios based on a client's objectives and needs determined in the financial planning process. It is our firm's philosophy and belief that an investment portfolio should be changed based on changing financial goals and objectives, not market fluctuations. Our firm has a buy-and-hold investment strategy and we make recommendations for portfolio changes based upon on our client's life circumstances, not market fluctuations. We do not believe in market timing and do not make recommendations based on market fluctuations. We believe that purchasing power erosion and inflation are the biggest risks our clients face. We believe the protections against that risk is ownership in equities. Therefore we recommend portfolios that are primarily growth, growth and income, and balanced mutual fund portfolios.

Market risk is a part of owning equities. Therefore, our most significant value comes from behavior coaching, reminding clients of their long-term plan, goals and objectives, and the history of owning the types of portfolios designed inside their financial plans. Often our biggest value comes from helping clients avoid the mistakes of timing or reacting to market emotion.

We communicate with clients on an ongoing basis to see if their objectives, goals and financial needs have changed. If there have been significant changes, we discuss updating their plans and their portfolios. We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, growth and income, or capital preservation). Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Mutual fund shares

That stated, a majority of our investment recommendations in mutual funds are primarily directed into one fund family.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **FINANCIAL PLANNING**

As part of our services, we provide financial planning to our clients. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client to achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. Should the client choose to implement our recommendations, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

As of December 31, 2019, Financial Concepts is managing \$586,583,594 in assets under management.

***LIMITATIONS:*** As individuals of Financial Concepts are insurance agents/brokers of various insurance companies, recommendations made in financial plans are limited to only those products offered through these companies.

### **Item 5 Fees and Compensation**

#### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

Our annual fees for Investment Supervisory Services is assessed at the rate of .5% of assets under management on an annualized basis.

A minimum of \$25,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Financial Concepts may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee the client will pay Financial Concepts for its

investment advisory services. The fee will be a percentage of the value of all assets in the account for each quarterly period ending the last business day of February, May, August and November and shall be the product of (i) the average daily net asset value of assets invested in shares of the funds during the quarter; (ii) the number of days in the quarter; and (iii) the rate agreed to by the parties divided by the number of days in the year. Client authorizes the Custodian to deduct fee from their account and pay Financial Concepts based on the submission of the initial management fee as elected by Adviser on the Class F-2 shares agreement. The Custodian will send client's quarterly statements showing all amounts paid from their account, including all management fees paid by Custodian to Financial Concepts.

**Limited Negotiability of Advisory Fees:** Although Financial Concepts has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors.

The specific annual fee schedule is identified in the contract between the Financial Concepts and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## **FINANCIAL PLANNING FEES**

Financial Concepts Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from **\$1,000.00** to **\$5,000.00**, depending on the specific arrangement reached with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the plan.

The client is responsible for payment of financial planning fees at the time of completion.

## **GENERAL INFORMATION**

### ***Termination of the Advisory Relationship:***

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Termination of this Agreement will not affect (a) the validity of any action previously taken by Financial Concepts under this Agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of this Agreement. On the termination of this Agreement, Financial Concepts will have no obligation to recommend or take any action with regard to the securities, cash or other investments in the Account.

**Mutual Fund Fees:** All fees paid to Financial Concepts for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client

should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Financial Concept's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment firms for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

**ERISA Accounts:** Financial Concepts is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Financial Concepts may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

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

Financial Concepts does not charge performance-based fees.

## **Item 7            Types of Clients**

Financial Concepts provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High Net Worth Individuals
- Charitable Organizations
- Small Businesses or Institutions

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources

of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Risk of Loss:** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

### **Item 9          Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Management personnel and other related persons of our firm are licensed as insurance agents for one or more insurance companies. In their separate capacities, these individuals are able to purchase insurance and insurance-related recommendations for advisory clients for separate and typical compensation. This presents a conflict of interest to the extent that these individuals recommend that a client purchase an insurance product which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

While Financial Concepts and these individuals endeavor at all times to put the interest of the clients first as part of our 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.

To mitigate these conflicts, we will at all times ensure that the client's interests and objectives are the motivating mechanism factor whenever a decision to invest through the broker-dealer or investment Financial Concepts is considered. As part of our supervision, Financial Concepts will implement transactional reviews to ensure all trades are suitable for the designated client.

Financial Concepts endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment Financial Concepts; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;



- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and,
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Financial Concepts and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Financial Concepts' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by emailing [info@fincon.net](mailto:info@fincon.net), or by calling us at 662-327-1480.

Financial Concepts and individuals associated with our firm are prohibited from engaging in principal transactions.

Financial Concepts and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain securities which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any private placement investments by related persons of the firm.
5. Our firm prohibits the purchase of IPOs by related persons of the firm.
6. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
7. We have established procedures for the maintenance of all required books and records.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as an insurance agent/brokers of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures

## **Item 12      Brokerage Practices**

Financial Concepts does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

As a matter of policy and practice, Financial Concepts does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others.

Financial Concepts may require that clients establish brokerage accounts with American Funds Service Company ("AFSC") and Capital Bank and Trust Company ("CB&T") as custodian, to maintain custody of clients' assets and to effect trades for their accounts. Financial Concepts is independently owned and operated and not affiliated with AFSC or CB&T.

AFSC & CB&T provides Financial Concepts with access to its investment advisory trading and custody services, which are typically not available to AFSC & CB&T retail investors. These services are not contingent upon our firm committing to AFSC & CB&T any specific amount of business (assets in custody or trading commissions). AFSC & CB&T services include the execution of securities transactions, custody, research, and access to the American Funds Family. For our client accounts maintained in its custody, AFSC & CB&T does not charge separately for custody.

AFSC & CB&T's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

AFSC & CB&T also offers other services intended to help us manage and further develop our business enterprise. These services may include compliance, legal and business consulting;

AFSC & CB&T may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at AFSC & CB&T, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by AFSC & CB&T, which may create a potential conflict of interest.

Financial Concepts does not maintain custody of your assets on which we advise although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We seek to select a custodian who will hold your assets and execute transactions on terms that are overall most advantageous when compared with other available providers and their services. Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

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

##### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: **Rhonda Ferguson and Scott Ferguson**

**REPORTS:** In addition to the quarterly statements and confirmations of transactions that clients receive from the custodian, annually we provide reports summarizing account performance, balances and holdings.

##### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

These accounts are reviewed by: **Rhonda Ferguson and Scott Ferguson**

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

It is Financial Concepts' policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Financial Concepts' policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

#### **Item 15      Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that fees are directly debited from client accounts.

Because the custodian calculates the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact Financial Concepts directly if they believe that there may be an error in their statement. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Our firm does not have actual or constructive custody of client accounts.

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

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

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

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

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

We are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Financial Concepts has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Financial Concepts has not been the subject of a bankruptcy petition at any time during the past ten years.