

Cover Page - Item 1

## **Interactive Financial Advisors**

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**September 16, 2020**

### **Form ADV Part 2A Brochure**

This brochure provides information about the qualifications and business practices of Interactive Financial Advisors ("IFA"). If you have any questions about the contents of this brochure, please contact us at (630) 472-1300 or [www.someonewhocares.com](http://www.someonewhocares.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Interactive Financial Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Interactive Financial Advisors is 125117.

Interactive Financial Advisors is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

### **Material Changes - Item 2**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

On March 2, 2020, we submitted our annual updating amendment for fiscal year 2019 and amended Item 4 of our Form ADV Part 2A Brochure to reflect discretionary assets under management of \$272,076,062.

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## **Advisory Business - Item 4**

### **Advisory Firm**

Interactive Financial Advisors ("IFA") is registered as an investment adviser with United States Securities and Exchange Commission. IFA is a corporation formed under Illinois law on February 20, 2003. We are based in Chicago, IL. IFA has been providing investment advisory services since 2003. OrganizAmerica is sole owner of IFA. Richard L. Peterbok and Joanne M. Woiteshek are the principal owners of OrganizAmerica.

### **Description of Services and Fees**

Interactive Financial Advisors is a fee-only independent financial adviser. We provide money management for the mid-market client by incorporating financial planning, investment portfolio management, risk management and other aggregated financial services. We combine industry experience and comprehensive research to provide quality advisory services to our clients. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning Services**
- **Advisory Consulting Services**
- **Selection of Other Advisers**
- **Sub-Advisory Services**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. Also, you may see the term Investment Adviser Representative ("IAR") throughout this Brochure. As used in this Brochure, our IARs are our firm's officers and all individuals providing investment advice on behalf of our firm. Some of our IARs may have relationships with other firms (please see Item 5 - Fees and Compensation).

This brochure is not a client agreement and does not create contractual obligations between IFA and its clients. If you choose IFA as your Advisor, the relationship will be documented with a client agreement.

### **Portfolio Management Services**

We offer portfolio management services to clients and prospective clients. The portfolio management services are offered on a fully discretionary basis with regard to the allocation and investment management of client assets among various asset categories such as equity securities, fixed income securities, mutual funds and exchange traded funds.

IFA's asset allocation models range from conservative short term to aggressive long term, as well as various specific purpose models. They are developed and managed in accordance with research and analysis conducted by IFA. Once the client portfolio is constructed, IFA provides continuous supervision of the portfolio as changes in market conditions and client circumstances may require.

Working with our clients, IFA tailors' investment advice to meet the needs and investment objectives of its clients. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information")

at the beginning of our advisory relationship. We will use the suitability information we gather from our initial meeting to develop a strategy that enables our firm to tailor its advice. Through continuous interaction with our clients, IFA is able to give you continued focused investment advice and/or to make investments on your behalf.

### **Invest With Trust**

As part of our portfolio management services, our *Invest With Trust* service customizes an investment portfolio for you in accordance with your risk tolerance and investing objectives. We will then allocate and manage your assets among various asset classes. These asset classes include U.S. Equity, U.S. Fixed Income, U.S. Government Securities, International Equity and International Fixed Income and Alternative Investments. These allocations may change from time-to-time with the changing needs of our clients. It is important, therefore, that our clients continue to inform us of changes in their investment needs and objectives.

Our *Invest With Trust* portfolio management service includes assistance in the selection, retention, and disposition of investment positions. We offer a unique product line where asset allocation models, ranging from conservative short term to aggressive long term, are developed and managed based on our proprietary research and analysis. The *Invest With Trust* service also offers various specific purpose models; that may include, but are not limited to, bond value distribution and stock value distribution. Once we construct an investment portfolio for you we monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as necessary.

At the inception of the relationship, we encourage you to complete our *CARES Client Confidential Information Organizer* (questionnaire). We use this questionnaire to conduct analysis through the CARES Process on the data we collected from you. \* This analysis is designed to help to determine, the time horizon for each client's goals, client risk tolerance, and the amount of financial commitment required for each goal e.g. a lump sum amount or ongoing savings. On completion of the analysis, we prepare the *Making Life Better Official Report* ("the Report"). We will then utilize the Report in offering to assist you in making selections between the various asset allocation products available. Individual investment portfolios are structured in accordance with pre-established asset allocation models in keeping within the context of your investment perspective and acceptable degree of risk tolerance. The fee to complete the analysis, which is separate and distinct from the portfolio management fee described below, will range between \$48 and \$7,500 depending on the scope and complexity of the client's financial circumstances. This financial analysis fee is negotiable at the discretion of IFA.

Clients will enter into a written Financial Planning agreement which will govern the planning relationship between the firm and the client. There are a number of different services IFA provides, and clients may choose to take advantage of some or all of them.

\*For example, Clients may elect to retain IFA for portfolio management services, but forego the preparation of the *Making Life Better Official Report*. The signed acknowledgment will be maintained in the client master file.

We also offer our *Invest With Trust* portfolio management service through the use of various annuity products. The assets within the annuity are managed through this portfolio management service. The annuities may assist in providing protection from the potential of outliving your money.

If the client chooses the “*Invest With Trust*” service, the client will enter into a written investment advisory agreement that will govern the relationship with the client and the firm.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. This service also requires a written agreement.

Upon entering into an Investment Advisory Agreement for Invest With Trust services, you will open an account with an independent qualified custodian to hold the account assets. We currently utilize either E\*TRADE Advisor Services, member FDIC (“E\*TRADE”) or Foliofn, Inc., (“Foliofn”) a registered broker-dealer and member FINRA/SIPC.

**Core/Momentum/Global Equities/Quantum/Tech Leader /Diversified Tax Efficient Strategies**

As part of our portfolio management services, we will use a sub-adviser to manage a portion of your Invest with Trust account on a discretionary basis. The sub-adviser will use one or more of their model portfolios to manage your account. We will regularly monitor the performance of your accounts managed by a sub-adviser, and may hire and fire any sub-adviser without your prior approval. We will pay a portion of the advisory fee to the sub-adviser we use. The portfolio management fees associated with these strategies will be higher than the *Invest with Trust* models due to this sub-advisory arrangement.

The Core strategy is an enhanced asset allocation model that diversifies across major asset classes including stocks, bonds, commodities, currency and real estate using exchange traded funds (ETF's). This strategy utilizes a proprietary kill-switch to exit the markets in periods of prolonged downturns, and to return to the markets when appropriate. The kill switch is based upon a set of rules developed and implemented by the sub-advisor and is subject to change.

The Momentum strategy aims to benefit on the continuance of existing trends in the market. This strategy employs a model that continually allocates to a combination of cash and/or four major asset classes: Equities, Bonds, Real Estate and Flight-to-Safety assets. Flight-to-Safety assets may include inverse ETFs (a security that shorts specific asset classes, indices and/or the market).

The Global Equities strategy provides an all equity exposure that includes U.S., Foreign and Emerging Markets. The model chooses up to three ETFs each month using momentum theory.

The Quantum strategy is a globally diversified model that evenly balances investment risk across multiple economic environments and asset classes. The strategy chooses asset classes from a broad pool of individual securities and rebalances monthly. The model applies momentum theory to exclude asset classes that exhibit persistent declines.

The Tech Leaders strategy is an aggressive, concentrated allocation to large capitalization technology stocks. Because technology stocks can be highly volatile, the strategy attempts to protect capital by

deploying several techniques. The universe of acceptable component securities in the portfolio is reassessed each time the strategy is rebalanced, which ranges from several times a month to every few months depending on market conditions. When the portfolio is rebalanced, capital is reallocated across investment positions with an objective to maximize the near-term profitability.

The Diversified Tax Efficient strategy is designed for investors whose key objective is to manage tax-liability. This strategy offers investors a strategically tax-efficient management approach to their taxable accounts and a broadly diversified portfolio.

The models are actively managed using proprietary reallocation and rebalancing technology. The Momentum, Global Equity, Quantum, and Tech Leader strategies may utilize stop-loss orders on a monthly basis. Stop-loss orders may not necessarily limit losses, since they become market orders when triggered; as a result, a stop-loss order may not be executed at the stop-loss price.

#### **The Legacy Service - Mutual Fund/ETF Strategies**

As part of our discretionary asset management services we offer the Legacy Service ("Legacy") which utilizes mutual fund and ETF strategies.

The Legacy accounts are managed to diversify a client's investments and will generally use mutual fund securities but may also utilize ETFs. Other types of investments may also be recommended where the Investment Adviser Representative(s) deem such investments appropriate based on the client's stated goals and objectives. Investments and allocations are determined and based upon each client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, and various other suitability factors. Clients may impose restrictions on the management of the account(s). Account restrictions and guidelines imposed by clients may affect the composition and performance of a client's portfolio. For these reasons, performance of the portfolio may not be identical with other clients of IFA. On an ongoing basis, the IARs assigned to you will review your financial circumstances and investment objectives and will make any adjustments to your portfolio as may be necessary to achieve the desired results.

Upon entering into an Investment Advisory Agreement, you will open an account with an independent qualified custodian to hold the Account assets. We currently utilize E\*TRADE Advisor Services, member FDIC ("E\*TRADE"), an unaffiliated and independent qualified custodian and its clearing firm.

#### **Family and Employee Access Program**

We offer access to our portfolio management services to the family and employees of our Firm at a reduced asset management fee. Family/Employee pricing for asset management services is available to spouses, children, step-children, and guardianship relationships. Employees eligible for reduced asset management pricing include any employees who have been employed for at least one year through our Firm. The account requirements and fees are negotiable and will be specified in a service agreement.

#### **Financial Planning Services**

We offer goal oriented financial planning advice, which is primarily designed to supplement our portfolio management services, as described above. Financial planning services are offered through our *CARES Client Confidential Information Organizer* which will result in a *Making Life Better Official Report*. We offer broad-based, modular, and consultative financial planning services to our clients and prospective clients. We may use financial planning software to determine your current financial position and to

define and quantify your long-term goals and objectives.

Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm and sign the Financial Planning agreement which governs the relationship between the client and the firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives, (both financial and non-financial) we will develop shorter-term, targeted objectives. After we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written report to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

Per the Financial Planning agreement, you are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through our firm, our advisory representatives, or any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

#### **Advisory Consulting Services**

We offer Advisory Consulting services through a combination of in-house services, contracted third party vendors and referral arrangements. These services are provided through our firm and non-affiliated entities. This integrated suite of services is designed to complement our *Making Life Better Official Report* by providing a full range of financial services and products.

The Firm's *Making Life Better Official Report* development begins with a Client *CARES Client Confidential Information Organizer* (questionnaire) and utilizes proprietary products and tools to analyze a client's financial and investment goals. The process defines how the impact of one financial decision or investment may affect the overall financial goals or objectives of the client. Through this proprietary method, IFA is able to evaluate, prioritize and balance financial values with a client's personal situation.

The Advisory Consulting service involves the following four steps:

1. **Discovery:** Interactive discussion where we listen to discover what is really important to you. Essential information will be gathered to clarify your financial objectives and what you feel would make life better for you.
2. **Analysis:** Review the analysis prepared to understand your unique situation which measures and clarifies your specific goals. This helps you determine your priorities and your appropriate financial commitment.
3. **Solutions:** Based on your situation analysis and the priorities you have identified; appropriate solutions will be presented. These solutions will provide you the best value. This will begin the implementation stage of your plan.
4. **Service:** Establish a well-structured communications and service schedule of future meetings



with you as appropriate, to stay on track and make any necessary future adjustments.

Through this process additional services may be suggested, such as:

- **Insurance Solutions.** Life insurance evaluations and strategies, asset and liability risk analysis, disability insurance assessments and long-term care needs.
- **Education Planning.** Assistance in selecting, applying, and funding options for college education. IFA has partnered with SAGE Scholars and participates in its Tuition Rewards program.
- **Advisory Services to 401k and 529 Plans.** 529 Plans are national advisor-sold savings plan(s) that give parents, grandparents, and others a tax-advantaged way to save for a child's college education. The Savings Plans and/or 401k Plans feature flexible portfolio solutions using ETFs or mutual funds. We will provide assistance with recommendations as to how to allocate your investments among the ETFs/mutual funds investment choices.

#### **Selection of Other Advisers – Third Party Money Managers**

As part of our investment advisory services, we may recommend that you use the services of a third-party money manager ("MM") to manage your entire, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific MM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the MM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the MM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The MM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire MM(s) and/or reallocate your assets to other MM(s) where we deem such action appropriate.

#### **Sub-Advisory Services**

We offer sub-advisory services to unaffiliated, third party investment advisers and broker/dealers. As part of these services, we will provide certain proprietary investment services called '*Invest with Trust Asset Management Services*'. While we are responsible for the overall management of the assets delegated to our firm, we will not communicate investment recommendations or selections directly to the third-party investment adviser(s) and/or broker/dealer(s). Fees and payment arrangements are negotiable and will vary on a case-by-case basis.

#### **Advisory Services to Retirement Plans**

We offer advisory services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan and the corresponding compensation are described above, and in the service agreement that you have previously signed with our firm. We may, with consent of the Plan,

and in accordance with Plan documents, bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. Nonetheless, since Associated Persons of our firm are registered representative and/or licensed insurance agents, these individuals may receive 12b-1 fees, revenue sharing or other forms of indirect compensation in connection with mutual fund investments allowable under applicable authority through Fortune Financial Services, Inc., Crown Capital Securities L.P., Brooklight Place Securities, Inc., and/or GWN Securities, Inc., (refer to Items 5, 10, 12 and 14 for additional disclosures). If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA.

#### **Types of Investments**

Pursuant to the agreement you enter into with IFA, we will primarily offer advice on exchange traded funds (ETFs) and mutual funds. We offer advice on equity securities, corporate, municipal and government debt securities, MLPs (master limited partnerships), certificates of deposit, and variable annuities.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

#### **Wrap Fee Programs**

IFA is neither the sponsor nor portfolio manager of a wrap fee program in regard to the investment advisory services provided directly to you through IFA.

However, most third-party money management programs are considered “wrap fee” programs in which the client pays a specified fee for portfolio management services and trade execution. Wrap fee programs differ from other programs in that the fee structure for wrap programs is all-inclusive, whereas non-wrap fee programs assess trade execution costs that are in addition to the investment advisory fees. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with investment strategies and the brokerage commissions charged by the third-party money manager’s clearing firm or other broker-dealers, and the advisory fees charged by other investment advisers. Please refer to the recommended third-party money manager’s Form ADV Part 2A – Appendix 1, the Wrap Fee brochure for a complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of wrap fee program.

#### **Assets Under Management**

As of February 10, 2020, we managed \$272,076,062 in client assets on a discretionary basis and \$0.00 in client assets on a non-discretionary basis.

### Fees and Compensation - Item 5

#### Portfolio Management Services

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

#### Fee Schedule - Invest With Trust®

Non 403b Accounts		403b Accounts
<ul style="list-style-type: none"> <li>• <b>Account Size \$0 - \$24,999*</b> 95BP – 245BP of Account Value</li> <li>• <b>Account Size \$25,000 - \$49,999</b> 90BP – 240BP of Account Value</li> <li>• <b>Account Size \$50,000 - \$249,999</b> 80BP – 230BP of Account Value</li> <li>• <b>Account Size \$250,000 - \$499,999</b> 71BP – 191BP of Account Value</li> <li>• <b>Account Size \$500,000 - \$999,999</b> 62BP – 182BP of Account Value</li> <li>• <b>Account Size \$1,000,000 Plus</b> 50BP – 170BP of Account Value</li> </ul>		<ul style="list-style-type: none"> <li>• <b>Account Size: \$0 - \$24,999</b> 102BP – 252BP of Account Value</li> <li>• <b>Account Size: \$25,000 - \$49,999</b> 97BP – 247BP of Account Value</li> <li>• <b>Account Size: \$50,000 - \$249,999</b> 87BP – 237BP of Account Value</li> <li>• <b>Account Size: \$250,000 - \$499,999</b> 72BP – 192BP of Account Value</li> <li>• <b>Account Size: \$500,000 - \$999,999</b> 57BP – 177BP of Account Value</li> <li>• <b>Account Size: \$1,000,000 +</b> 42BP – 162BP of Account Value</li> </ul>

\* An account service fee is charged to each account based on the daily average balance for the prior quarter. Accounts \$24,999.99 and under will be charged \$10 per quarter. Accounts \$25,000 or more will be charged \$18.75 per quarter. Account size may start at \$0 when systematic contributions are elected; otherwise account minimum is \$1,000.

#### Core/Momentum/Global Equities/Quantum/Tech Leader Strategies

Our portfolio management fee for the Core / Momentum / Global Equities / Quantum / Tech Leader Strategies is based on a percentage of the assets we manage in the strategy and is separate from the *Invest With Trust* portfolio management fee schedule. The portfolio management fees associated with these strategies is higher than our in-house strategies (the *Invest With Trust* models) due to the sub-advisory arrangement we have entered into for the management of these strategies. The Our portfolio management fee for the Core / Momentum / Global Equities / Quantum / Tech Leader Strategies fee pertains only to assets managed within these strategies and is set forth in the following fee schedule:

#### Fee Schedule - Core/Momentum/Global Equities/Quantum/Tech Leader Strategies

Non 403b Accounts		403b Accounts
<ul style="list-style-type: none"> <li>• <b>Account Size: \$2,000 - \$24,999*</b></li> </ul>		<ul style="list-style-type: none"> <li>• <b>Account Size: \$2,000 - \$24,999*</b></li> </ul>

115BP – 265BP of Account Value  <ul style="list-style-type: none"> <li>• <b>Account Size: \$25,000 - \$49,999</b> 110BP – 260BP of Account Value</li> <li>• <b>Account Size: \$50,000 - \$249,999</b> 100BP – 250BP of Account Value</li> <li>• <b>Account Size: \$250,000 - \$499,999</b> 91BP – 211BP of Account Value</li> <li>• <b>Account Size: \$500,000 - \$999,999</b> 87BP – 207BP of Account Value</li> <li>• <b>Account Size: \$1,000,000 +</b> 75BP – 195BP of Account Value</li> </ul>		122BP – 262BP of Account Value  <ul style="list-style-type: none"> <li>• <b>Account Size: \$25,000 - \$49,999</b> 117BP – 267BP of Account Value</li> <li>• <b>Account Size: \$50,000 - \$249,999</b> 107BP – 257BP of Account Value</li> <li>• <b>Account Size: \$250,000 - \$499,999</b> 92BP – 212BP of Account Value</li> <li>• <b>Account Size: \$500,000 - \$999,999</b> 77BP – 197BP of Account Value</li> <li>• <b>Account Size: \$1,000,000 +</b> 57BP – 177BP of Account Value</li> </ul>
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\*The Core strategy has a minimum account size requirement of \$10,000. The Momentum and Global Equity strategies require a \$2,000 minimum; the Quantum strategy requires an account minimum of \$25,000; and the Tech Leader strategy requires an account minimum of \$20,000. The Tech Leader strategy cannot comprise more than 60% of a portfolio.

#### Diversified Tax Efficient Strategies

Our portfolio management fee is based on a percentage of the assets we manage in the strategy and is separate from the *Invest With Trust* portfolio management fee schedule. The portfolio management fee pertains only to assets managed within this strategy and is set forth in the following fee schedule:

#### Fee Schedule – Diversified Tax Efficient Strategies

Non 403b Accounts		403b Accounts
<ul style="list-style-type: none"> <li>• <b>Account Size: \$2,000 - \$24,999*</b> 105BP – 255BP of Account Value</li> <li>• <b>Account Size: \$25,000 - \$49,999</b> 100BP – 250BP of Account Value</li> <li>• <b>Account Size: \$50,000 - \$249,999</b> 90BP – 240BP of Account Value</li> <li>• <b>Account Size: \$250,000 - \$499,999</b> 81BP – 201BP of Account Value</li> <li>• <b>Account Size: \$500,000 - \$999,999</b> 72BP – 192BP of Account Value</li> <li>• <b>Account Size: \$1,000,000 +</b> 60BP – 180BP of Account Value</li> </ul>		<ul style="list-style-type: none"> <li>• <b>Account Size: \$2,000 - \$24,999*</b> 112BP – 262BP of Account Value</li> <li>• <b>Account Size: \$25,000 - \$49,999</b> 107BP – 257BP of Account Value</li> <li>• <b>Account Size: \$50,000 - \$249,999</b> 97BP – 247BP of Account Value</li> <li>• <b>Account Size: \$250,000 - \$499,999</b> 82BP – 202BP of Account Value</li> <li>• <b>Account Size: \$500,000 - \$999,999</b> 67BP – 187BP of Account Value</li> <li>• <b>Account Size: \$1,000,000 +</b> 47BP – 167BP of Account Value</li> </ul>

\*The Diversified Tax Efficient strategy has a minimum account size requirement of \$2,000.

### **The Legacy Service**

The portfolio management fee for the Legacy service is based on a percentage of the assets we manage. The Legacy fee pertains only to assets managed within the Legacy service and is set forth in the following fee schedule:

#### **Fee Schedule – The Legacy Service**

- **Account Size \$1,000 - \$24,999\***  
135BP of Account Value
- **Account Size \$25,000 - \$49,999**  
130BP of Account Value
- **Account Size \$50,000 - \$249,999**  
125BP of Account Value
- **Account Size \$250,000 - \$499,999**  
121BP of Account Value
- **Account Size \$500,000 +**  
100BP of Account Value

\*The Mutual Fund strategies have a minimum account size requirement of \$1,000. Each account will be charged a \$12.50 per quarter service fee.

### **Portfolio Management Terms**

Our annual portfolio management fee is billed and payable monthly in advance based on the average daily value of your account during the previous month. For 401K accounts our annual portfolio management fee is billed and payable quarterly in arrears based upon the market value of the account as of the last day of the quarter.

If the Investment Advisory Agreement is executed at any time other than the first day of a calendar month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. The billing for each monthly period will be adjusted for additional contributions or withdrawals. Our advisory fee is negotiable for the Invest With Trust services, depending on individual client circumstances. The Legacy service fee is not negotiable.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

As paying agent for our firm, E\*TRADE or Foliofn will deduct the investment advisory fee directly from your account. The fee is deducted only when you have given us written authorization permitting the fees to be paid directly from your account. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements. We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

You may terminate the Investment Advisory Agreement upon 30 days' written notice to our firm. Refunds are generally not applicable. We are compensated monthly in advance and you are required to give us one month's written notice to terminate the Agreement. However, in the event you have prepaid fees that we have not earned, we will return a pro rata share to you.

Upon termination of accounts held at E\*TRADE or Foliofn, the custodian(s) will deliver securities and funds held in the account as instructed by client, unless client requests that the account be liquidated. After the Agreement has been terminated, transactions are processed at the prevailing brokerage rates. You are then responsible for monitoring your own assets and IFA has no further obligation to act or provide advice with respect to those assets.

#### **Financial Planning Services**

We charge a fixed fee for financial planning services, which generally ranges from \$48 to \$7,500. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. Fixed fee financial planning services are not continuous advisory services, and electing our financial planning services only does not create a portfolio management relationship between you and our firm.

If you request specific consulting services and do not desire a written financial plan we offer modular financial planning or general consulting services on an hourly basis. Our rate for such services range from \$100 to \$400 per hour. This rate is negotiable depending on the scope and complexity of the plan, your financial situation, and your objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you in advance and request that you approve the additional fee.

We require that you pay 100% of the fee in advance for a full financial plan. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200. Hourly based financial planning/consulting-based fees are calculated and payable at the completion of each session. In some cases, the hourly fees may be paid weekly, monthly or periodically in arrears.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Selection of Other Advisers – Third Party Money Managers**

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the MM. The advisory fee you pay to the MM is established and payable in accordance with the disclosure brochure provided by each MM to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we have with each MM. As such, we may have an incentive to recommend one MM over another MM with whom we have less favorable compensation arrangements or other advisory programs offered by MMs with which we have no compensation arrangements.

You will be required to sign an agreement directly with the recommended MM(s). You may terminate your advisory relationship with the MM according to the terms of your agreement with the MM. You should review each MM's disclosure brochure for specific information on how you may terminate your advisory relationship with the MM and how you may receive a refund, if applicable. You should contact the MM directly for questions regarding your advisory agreement with the MM.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. The broker-dealer or custodian may also charge your account for custodial fees, retirement account fees, trust fees, exchange fees, redemption fees that may be assessed on mutual fund shares, transfer fees, account termination fees or other special service fees and charges. We do not share in any portion of the brokerage fees/transaction charges/administrative fees imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

IARs providing investment advice on behalf of our firm may be registered representatives with Fortune Financial Services, Inc. ("Fortune"), Crown Capital Securities L.P. ("Crown"), Brooklight Place Securities, Inc. ("Brooklight"), and/or GWN Securities, Inc. ("GWN"), securities broker/dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. However, not all of our IARs are also registered representatives with a broker-dealer.

In their capacity as registered representatives, the IARs who are registered representatives will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products through their broker-dealer. Compensation earned by these IARs in their capacity as a registered representative is separate and in addition to our advisory fees. This practice presents a conflict of interest because IARs providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any Associated Person



affiliated with our firm.

IARs providing investment advice on behalf of our firm may be licensed as independent insurance agents. These IARs will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these IARs are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any Associated Person affiliated with our firm. Not all of our IARs are also insurance agents.

Any material conflicts of interest between you and our firm, or our IARs are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

### **Types of Clients - Item 7**

We offer investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, and charitable organizations.

In general, we require a minimum of \$1,000 to open and maintain an *Invest with Trust* or a *Legacy* advisory account. At our discretion, we may waive this minimum account size. Additionally, we charge an ongoing service fee per quarter for accounts invested in our *Invest with Trust* service. For accounts with a valuation of \$24,999 and under will be charged \$10 per quarter. For accounts with a valuation of \$25,000 and higher will be charged \$18.75 per quarter. For each account in our Legacy program a \$12.50 quarterly charge will be applied.

For the Core/Momentum/Global Equities/Quantum/Tech Leader/Diversified Tax Efficient strategies we require various account minimums to open and maintain an advisory account. The Core strategy has a minimum account size requirement of \$10,000. The Momentum and Global Equity strategies require a \$2,000 account minimum; the Quantum strategy requires an account minimum of \$25,000; and the Tech Leader strategy requires an account minimum of \$20,000. The Diversified Tax Efficient strategy requires an account minimum of \$2,000.



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

We use a fundamental method of analysis and Modern Portfolio Theory and Portfolio Analyzer as our core investment strategies.

Modern Portfolio Theory is a sophisticated investment decision approach that theoretically permits an investor to classify, estimate, and control both the kind and the amount of expected risk and return.

Portfolio Analyzer is a computerized mathematical technique that accounts for risk in quantitative analysis and decision making. Portfolio Analyzer provides us with a range of possible outcomes and the probabilities that may occur for any choice of action. It shows the extreme possibilities—the outcomes of choosing aggressively and conservatively—along with all possible consequences for middle-of-the-road decisions.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets. We do not offer tax advice.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers report the cost basis of equities acquired in client accounts. Our firm uses the FIFO accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

#### **Risk of Loss**

Investing in securities involves risk of loss. You should be prepared to bear the risk of financial losses. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

In our *Invest with Trust* service we primarily recommend exchange traded funds ("ETFs"). For our *Legacy* service we primarily recommend mutual funds. You should be advised of the following risks when investing in these types of securities:

#### **Characterization Risk**

ETFs and mutual funds don't always hold the types of stocks or bonds you may expect. For instance, some sector funds may identify the entire sector yet only represent a portion of the sector. At the same time, similar sector funds may have very different percentages of components. These characterization risks can impact overall performance.

#### **Tracking Error Risk**

ETFs and mutual funds, do not always track the index they are designed to mimic. Often two funds tracking the same index may take two different approaches to tracking the same index. One fund may use full replication, meaning the fund buys every stock in the index in exactly the right weights. Another fund may use optimization, whereby computer algorithms select a subset of the broader index to track the index as a whole. In general, funds that optimize have a greater risk of tracking error than funds that fully replicate their index.

#### **Liquidity Risk**

ETFs and mutual funds are not always easily bought and sold. Liquidity risk is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss.

#### **Spreads Risk**

ETFs are purchased and sold like stocks and, therefore, have bid and ask spreads. The average bid/ask spreads on every ETF is directly correlated to the fund's size, trading liquidity and average spread. Most ETFs have spreads of less than 10 basis points; however, thinly traded ETFs may have spreads greater than 50 basis points. The spreads risk of a thinly traded ETF and/or a volatile market may result in increased transaction costs.

#### **Inverse ETFs Risk**

Inverse ETFs are designed to replicate the opposite direction of market indices, often at a multiple which may include the use of leverage. These ETFs often use a combination of futures, swaps, short sales, and other derivatives to achieve these objectives. Most inverse ETFs are designed to achieve these results on a daily basis only. This means that over periods longer than a trading day, the value of these ETFs can and usually do deviate from the performance of the index they are designed to track. Over longer periods of time or in situations of high volatility, these deviations can be substantial.

#### **Manager Risk**

The risk of the chance that poor security selection or focus on securities in a particular asset class, sector, category, or group of companies will cause a client's portfolio to underperform relevant benchmarks.

### **Disciplinary Information - Item 9**

Interactive Financial Advisors has been registered and providing investment advisory services since

2003. Neither our firm nor any of our IARs has any reportable disciplinary information.

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

#### **Registrations with Broker-Dealer**

IARs of IFA may be registered representatives offering securities through Brooklight Place Securities, Inc. ("Brooklight"), Fortune Financial Services, Inc. ("Fortune"), Crown Capital Securities L.P. ("Crown"), and/or GWN Securities, Inc. ("GWN"); securities broker-dealers and members of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). However, not all of our IARs are also registered representatives of a broker-dealer.

IFA's clients are advised that they have total freedom to implement recommendations through any broker-dealer of their choosing. If the client implements recommendations made by IFA by purchasing securities or other products through Brooklight, Fortune, Crown, and/or GWN, the representative will receive additional compensation in the form of commissions, including 12b-1 fees for the sale of investment company products.

#### **Arrangements with Affiliated Entities**

We are wholly owned by OrganizAmerica, a holding company. Richard L. Peterbok, President, and Joanne M. Woiteshek, Secretary/Treasurer/Chief Compliance Officer, of Interactive Financial Advisors are the owners of OrganizAmerica. Mr. Peterbok is also the sole owner of UniFinancial Corp., a provider of marketing/recruiting services for qualified persons in financial related businesses.

#### **Recommendation of Other Advisers**

We may recommend that you use a third-party money manager ("MM") based on your needs and suitability. We will receive compensation from the MM for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third-party money manager. You are not obligated, contractually or otherwise, to use the services of any MM we recommend.

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

#### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our IARs. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our IARs are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Joanne M. Woiteshek at [jwoiteshek@swcares.com](mailto:jwoiteshek@swcares.com).

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor our associated persons shall have priority over your account in the purchase or sale of securities.

### **Brokerage Practices - Item 12**

We maintain relationships with several broker-dealers. While you are free to choose any broker-dealer or other service provider, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including but not limited to, research, market information, and administrative services that help our firm manage your account(s). We believe the recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of provided research, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services the recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for using the referring broker-dealer's execution, clearing or custodial services.

### **Directed Brokerage**

We require our *Invest With Trust* and *Legacy Service(s)* clients to direct us to execute transactions and custody investment assets through facilities of E\*TRADE Advisor Services ("E\*TRADE"), member FDIC or Foliofn, member FINRA and SIPC.

IARs providing investment advice on behalf of our firm who are also registered representatives of Fortune, Crown, Brooklight, and/or GWN will recommend Fortune, Crown, Brooklight, and/or GWN to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Fortune, Crown, Brooklight, and/or GWN unless Fortune, Crown, Brooklight, and/or GWN provides the registered representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Fortune, Crown, Brooklight, and/or GWN respectively. It may be the case that Fortune, Crown, Brooklight, and/or GWN charges higher transaction costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Fortune, Crown, Brooklight, and/or GWN these individuals (in their separate capacities as registered representatives of Fortune, Crown, Brooklight, and/or GWN) may earn commission-based compensation as result of placing the recommended securities transactions through Fortune, Crown, Brooklight, and/or GWN. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. However, if you do not use Fortune, Crown,

Brooklight, and/or GWN we may not be able to accept your account. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased or sold for the *Invest With Trust* advisory accounts we manage. This practice is commonly referred to as "block trading". We will then distribute the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

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

Richard L. Peterbok, President and Joanne M. Woiteshek, Secretary/Treasurer and Chief Compliance Officer of Interactive Financial Advisors will monitor the models and strategies on a continuous basis. Account reviews are performed by the client's Advisory Representative at least once annually. The Chief Compliance Officer and other designated compliance staff oversee the process and provide supervisory review.

At least quarterly, we will notify you in writing to contact us or the Representative if there have been changes in your financial situation or investment objectives, or if you wish to impose or modify any reasonable account restrictions for a Legacy account. At least annually, you will also be contacted to discuss these issues.

Our reviews ensure that the advisory services provided to you and/or the portfolio mix of your portfolio is consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- state of the economic markets
- changes in the clients' financial situation
- tax considerations
- upon your request

We do not provide you with additional or regular written reports in conjunction with account reviews. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

For our financial planning clients, we recommend, at a minimum, an annual review of your progress with the financial plan. We will provide our financial planning clients with updates to their financial plan, when appropriate, based on and in accordance with a review of the plan.

For accounts managed through sub-advisory services the Representative responsible for your account

will, at least annually, review the performance and suitability of the account(s). The Representative will review your objectives and suitability needs and determine whether you would be better suited to a different service or other non-advisory investment. Your Representative will be responsible for communicating and documenting recommendations to you.

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

As disclosed under the "Fees and Compensation" section in this Brochure, persons providing investment advice on behalf of our firm may also be licensed insurance agents, and may also be registered representatives with Fortune Financial Services, Inc. ("Fortune"), Crown Capital Securities, L.P. ("Crown"), and/or GWN Securities, Inc. ("GWN"), securities broker-dealers, and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section of this Brochure. However, not all of our IARs are also registered representatives and/or insurance agents.

#### **Independent Contractor Compensation:**

We have entered into contractual arrangements with our Investment Adviser Representatives, who are independent contractors. Representatives of Interactive Financial Advisors receive compensation from our firm for the recruitment of new Investment Adviser Representatives and their establishment of a relationship with our firm. Recruitment compensation of the referring Representative ranges between 0.05% and 0.25% of the client assets of each referred Representative that becomes an IAR of IFA. The recruitment based compensation level will depend upon circumstances and management activities. Representatives may also receive additional benefits including subsidized travel expenses and cash bonuses to be used for the reimbursement of expenses related to our Annual Conference. Such Agreements will comply with the requirements as set forth in Rule 206(4)-3 of the Investment Advisers Act of 1940, and/or applicable state statutes, to the extent they apply. Under these arrangements, the client does not pay higher fees than IFA's normal/typical advisory fees.

#### **Referral Programs**

We may receive recruitment referrals of new Investment Adviser Representatives through Agreements with Fortune Financial Services, Inc. ("Fortune"), Crown Capital Securities L.P. ("Crown"), Brooklight Place Securities, Inc. ("Brooklight"), and/or GWN Securities, Inc. ("GWN"), securities broker/dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

We will pay Fortune, Crown, Brooklight, and/or GWN a recruitment referral fee ranging from 0.00% to 0.10% of client assets generated from the accounts opened through this program. The client accounts opened through this recruitment program will not be charged any additional fees or costs in excess of our standard fee schedule.

Representatives referred to our firm must comply with the requirements of the jurisdictions where they operate. Representatives under this arrangement have a financial incentive to recommend our firm for advisory services. This creates a conflict of interest; however, clients are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

**Ramsey Solutions –SmartVestor™**

We have entered into an advertising agreement with Ramsey Solutions ("RS") whereby RS provides online advertising services in exchange for a flat monthly marketing fee. The services include advertising space on RS's web-based SmartVestor™, lists assigned to particular geographic markets, use of the SmartVestor™ marks in advertising, and the provision of other marketing materials. Potential clients using the SmartVestor™ site may select and choose to contact the advisory representative for services.

**Custody - Item 15**

E\*TRADE Advisor Services or FOLIOfn Investments, Inc., the qualified custodians used in our *Invest With Trust* and Legacy portfolio management services will calculate and directly debit your account(s) for the payment of our advisory fees. The ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds and/or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with E\*TRADE Advisor Services or FOLIOfn Investments, Inc. You will receive account statements from these independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us at 630-472-1300.

**Investment Discretion - Item 16**

Before we can take discretionary authority over the decisions to buy or sell securities on your behalf, you must first sign our discretionary management agreement. By signing our discretionary management agreement, you are granting our firm the limited right to make certain investment decisions on your behalf.

**Discretionary**

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

**Voting Client Securities - Item 17**

**Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the



event we receive any written or electronic proxy materials specific to your account(s), we will forward them directly to you by mail. The sole exception exists where you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to you to vote proxies.

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

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

### **Requirements for State-Registered Advisors - Item 19**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

### **Miscellaneous**

#### **Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Joanne M. Woiteshek at 630-472-1300 or via email at [jwoiteshek@swcares.com](mailto:jwoiteshek@swcares.com) if you have any questions regarding this policy.

#### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.