



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

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D/B/A Altschuler Financial Services**

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This brochure provides information about the qualifications and business practices of Altschuler Financial Services. If you have any questions about the contents of this brochure, please contact us at 781-674-2297 ext. 11 or [james@altschulerfinancial.com](mailto:james@altschulerfinancial.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 Altschuler Financial Services also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 130004. Registration does not imply any level of skill or training.

## **Item 2 Material Changes**

Consistent with SEC rules, Altschuler Financial Services (“AFS”) seeks to ensure that our clients receive a summary of any material changes made to this and subsequent Disclosure Brochures within 120 days after the close of our fiscal year.

Furthermore, we will provide interim disclosure regarding certain material changes as necessary.

The following material amendments have been made to this Brochure since our last annual amendment filing on February 9, 2021:

Complimentary financial planning services will be offered at the discretion of AFS (See amended disclosure at Items 4 and 5).

On June 26th, 2021, AFS was the subject of an SEC Order which alleges the firm failed to timely file and deliver to clients the Client Relationship Summary or Form CRS (See amended disclosure at Item 9).

For mutual fund and/or exchange-traded fund transactions, AFS has the discretion to choose the broker-dealer. (See amended disclosure at Item 12).

Please note, only material amendments made to this Disclosure Brochure since our last annual updating amendment are included in this summary.

Altschuler Financial Services is a registered investment advisory firm with the U.S. Securities and Exchange Commission as a result of said adviser having assets under management of over \$100 million and upon SEC registration, and has withdrawn from registration as a registered adviser with the State of Massachusetts.

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## **Item 4 Advisory Business**

James S. Altschuler, D/B/A Altschuler Financial Services (AFS), is currently an SEC-registered investment adviser, with its principal place of business located in MA. James S. Altschuler began conducting business in 1994.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

- James S Altschuler, Owner

Altschuler Financial Services offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

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

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an as-needed basis, based on the client's individual needs.

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:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Third-party money managers

- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

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

## **MODEL PORTFOLIO MANAGEMENT**

Our firm provides continuous portfolio management services to clients using model asset allocation portfolios. AFS utilizes proprietary models as well as models provided by SEI. Each model portfolio is designed to meet a particular investment goal.

Through personal discussions with the client in which the client's goals and objectives are established, we initially determine whether the model portfolio is suitable to the client's circumstances. Once we confirm suitability, the portfolio is managed based on the client's goals and risk tolerance. Clients retain individual ownership of all securities. 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, or growth and income), as well as tax considerations.

Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an as-needed basis, based on the client's individual needs.

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:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Mutual fund shares

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.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. at least annually, review each participating client's financial situation to determine whether there have been any changes in the client's financial circumstances or

- investment objectives;
- 2. be reasonably available to consult with the client; and
- 3. maintain client suitability information in each client's file.

## **PENSION CONSULTING SERVICES**

We also provide advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Clients may choose to use either or both of these services.

### *Selection of Investment Vehicles:*

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's investment strategy.

### *Employee Communications:*

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide educational support and investment meetings designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment meetings will provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations. The plan participants are free to choose their own investments initially and prospectively.

## **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

We also offer advisory management services to our clients through our Selection and Monitoring of Third-Party Money Managers programs (hereinafter, "Programs"). Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is based on the client's objectives. Based on the client's individual circumstances and needs, we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's objectives, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

## **FINANCIAL PLANNING**

At the discretion of AFS and when deemed necessary, AFS may provide Financial Planning Services to some clients which are included as a part of our portfolio management services at no additional cost to the client. The Financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination. 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 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.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **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.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

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. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, 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.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

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.

### **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting 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.

### **OTHER SERVICES**

In addition to providing investment advice under AFS, Jim Altschuler offers accounting services for separate and typical compensation in his capacity as an accountant. This advice could, conceivably, include a recommendation that the client use the services of AFS. However, the investment advice offered by AFS is entirely separate and distinct from any recommendations made by Jim Altschuler in his separate capacity as a CPA. AFS emphasizes that clients are under no obligation to use Jim Altschuler for accounting services.

Mr. Altschuler may spend up to 40% of his time with these related activities.



## AMOUNT OF MANAGED ASSETS

As of December 31, 2020, we were actively managing \$168,845,649 of clients' assets on a discretionary basis and \$13,218,035 on a non-discretionary basis.

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

#### **MANAGEMENT FEES**

Our annual fees for our Individual Portfolio Management, Model Portfolio Management, Pension Consulting and Selection and Monitoring of Third-Party Money Managers services are based upon a percentage of assets under management and generally range from 0.50% to 1.0%, and are due and payable quarterly in arrears.

The annualized fee for these services is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$2,000,000	1.0%
\$2,000,001+	0.5%

A minimum of \$500,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. AFS may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although AFS 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 adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

**For Massachusetts Residents:** Massachusetts law requires disclosure that information on disciplinary history and the registration of AFS and its associated persons may be obtained by contacting the Public Reference Branch of the Securities and Exchange Commission at (202) 942-8090. Disciplinary history may also be obtained from the Massachusetts Securities Division at (617) 727-3548, and if asked, AFS and its associated persons must also disclose the history.

## FINANCIAL PLANNING SERVICES FEES

At the discretion of AFS and when deemed necessary, AFS may provide Financial Planning Services to some clients which are included as a part of our portfolio management services at no additional cost to the client. The Financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination.

## CONSULTING SERVICES FEES

AFS' Consulting Services 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 Consulting Services fees are calculated and charged on an hourly basis, ranging from \$150 to \$300 per hour.

The client is billed in arrears on a quarterly basis as earned.

## 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 written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to AFS 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.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services.

Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***ERISA Accounts:*** AFS 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, AFS 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, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset AFS' advisory fees.

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

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered.

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

Altschuler Financial Services does not charge performance-based fees.

## **Item 7 Types of Clients**

Altschuler Financial Services provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Businesses
- Charitable Organizations

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

## **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:

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

**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.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

***Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Third-Party Money Manager Analysis.*** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

***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 strategy(ies) in managing client accounts, provided that such strategy(ies) 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 advantages 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.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**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 ("AFS") has the following disciplinary information to disclose. (Disciplinary information about our personnel, if any, may be found in our supplemental 2B disclosures.)

On July 26, 2021, our firm entered into a settled consent order with the Securities and Exchange Commission ("SEC") relating to our obligations to file and deliver Form CRS ("Form"). Form CRS is a client relationship summary document that sets forth the various aspects of the client-adviser relationship. We were required to file our Form CRS with the SEC and deliver our Form CRS to clients on or before June 30, 2020. We were also required to post our Form CRS on our website in a location and format that is easily accessible to retail investors.

The SEC found that we failed to meet the June 30, 2020 deadline to file our initial Form CRS

with the SEC, to deliver copies of our Form CRS to clients and to post the form to our website. The SEC determined that we filed our Form CRS with the SEC on February 9, 2021, delivered the Form to clients on February 25, 2021, and posted the form on our website after January 2021. In doing so, the SEC found that we violated Section 204 of the 1940 Investment Advisers Act and Rules 204-1 and 204-5 thereunder. We consented to the entry of the Order, however, we neither admitted nor denied its findings.

Based on the foregoing, the SEC censured us and ordered that we (a) cease and desist from any further violations of the same provisions of the securities laws, and (b) pay a civil penalty of \$25,000. We have paid that penalty.

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

As disclosed in Item 4, James Altschuler is a licensed CPA. We do not have any other industry activities and affiliations.

## **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.

AFS 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.

AFS' 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 email sent to [james@altschulerfinancial.com](mailto:james@altschulerfinancial.com), or by calling us at 781-674-2297 ext. 11.

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

AFS 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 security(ies) which may also be recommended to a client.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

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. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
4. 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.
5. We have established procedures for the maintenance of all required books and records.
6. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised



- person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
  10. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

### *Fidelity*

For mutual fund and/or exchange-traded fund transactions, AFS has the discretion to choose the broker-dealer. . AFS may participate in the institutional service program sponsored by Fidelity Brokerage Services LLC and its affiliates (hereinafter Fidelity). Fidelity Brokerage Services LLC and its affiliates are FINRA registered broker-dealers.

AFS recommends Fidelity and requests that Fidelity clients direct AFS to place all mutual fund and equity securities transactions through Fidelity. AFS has evaluated Fidelity and believes that Fidelity will provide AFS clients with a blend of execution services, commission costs and professionalism that will assist AFS in obtaining best execution for transactions. AFS regularly reviews this program to ensure that its recommendation is consistent with its fiduciary duty. This trading platform is essential to AFS' service arrangements and capabilities, and AFS may not accept clients who direct the use of other brokers.

While AFS has a reasonable belief that Fidelity is able to obtain best execution and competitive prices, AFS will not be independently seeking best execution price capability through other broker-dealers. AFS reserves the right to decline acceptance of any client account that directs the use of a broker-dealer other than Fidelity, if AFS believes that this would adversely affect AFS' duty to obtain best execution. In directing the use of a particular broker or dealer, it should be understood that AFS will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients. Not all investment advisors require clients to direct the use of specific brokers.

For fixed income portfolio transactions, however, AFS may request that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to clients for these transactions. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

In this situation, AFS will review the quality of broker-dealer services and client fixed income transactions, and utilize those brokers or dealers which will provide the best services at the lowest commission rates possible.

The reasonableness of brokerage costs, commissions and markup/markdowns is based on the broker-dealer's ability to provide professional services, competitive execution, and other services that will help AFS in providing investment management services to clients.

AFS will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. AFS will typically aggregate trades among clients whose accounts can be traded at a given broker. AFS' block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with AFS, or our firm's order allocation policy.
2. The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable AFS to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
3. Prior to entry of an aggregated order, an order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
4. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
5. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
6. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
7. AFS' client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

8. Funds and securities for aggregated orders are clearly identified on AFS' records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
9. No client or account will be favored over another.

Altschuler Financial Services has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like AFS in conducting business and in serving the best interests of our clients but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables AFS to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by AFS (within specified parameters). These benefits may include any or all of the following: a dedicated trading desk that services program participants exclusively, a dedicated service group and an account services manager dedicated to AFS' accounts, access to a real-time order matching system, ability to "block" client trades, electronic download of trades, balances and positions, access, for a fee, to an electronic interface with program's software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), a quarterly newsletter, access to Fidelity mutual funds, access to over 350 mutual fund families and 4,500 mutual funds not affiliated with Fidelity, of which over 2,000 have no transaction fee, ability to have loads waived for AFS' clients who invest in certain Fidelity loaded funds, when certain conditions are met and maintained and the ability to have custody fees waived (when negotiated by the advisor and allowed under certain circumstances).

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of AFS' clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative

execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while AFS will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. AFS and Fidelity are not affiliated, and no broker-dealer affiliated with us is involved in the relationship between AFS and Fidelity.

## *SEI*

In order to be eligible for SEI's Asset Allocation Portfolio, Managed Accounts and Enhanced Advisory Services Programs, clients are required to use SEI Financial Services, a FINRA registered broker-dealer, for the placement of all trades. SEI Trust Company, a subsidiary of SEI Corporation, acts as the transfer agent and custodian for SEI Management Program accounts. AFS client accounts are required to be maintained at SEI Trust Company in order to participate in SEI programs.

SEI charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). SEI enables AFS to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. SEI's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by SEI may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, SEI also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by SEI directly from independent research companies, as selected by AFS (within specified parameters). These benefits may include any or all of the following: a dedicated trading desk that services program participants exclusively, a dedicated service group and an account services manager dedicated to AFS' accounts, electronic download of trades, balances and positions, access to an electronic interface with program's software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), a quarterly newsletter, access to SEI mutual funds, and a wide selection of third-party mutual funds.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of SEI's services. We examined this potential conflict of interest when we chose to enter into the relationship with SEI and have determined that the relationship is in the best interests of AFS' clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the

brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while AFS will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. AFS and SEI are not affiliated, and no broker-dealer affiliated with us is involved in the relationship between AFS and SEI.

## Item 13 Review of Accounts

### INDIVIDUAL PORTFOLIO MANAGEMENT, MODEL PORTFOLIO MANAGEMENT, AND PENSION CONSULTING SERVICES

**REVIEWS:** While the underlying securities within Individual Portfolio Management, Model Portfolio Management and Pension Consulting Services accounts are continually monitored, these accounts are reviewed 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: James S. Altschuler

#### **REPORTS:**

**At SEI:** In addition to the monthly or quarterly statements and confirmations of transactions that Portfolio Management Services clients receive from SEI, they will provide quarterly reports summarizing account performance, balances and holdings.

**At Fidelity:** Fidelity provides monthly or quarterly statements and confirmations of transactions. They do not provide performance reports summarizing account performance, balances and holdings.

### SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS

**REVIEWS:** These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

Altschuler Financial Services will review accounts on a quarterly basis.

These accounts are reviewed by: James S. Altschuler

**REPORTS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

Altschuler Financial Services does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

## **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.

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

## **CONSULTING 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 Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by AFS personnel.

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory engagement.

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

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

It is AFS' 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 our firm directly debits advisory fees from client accounts.

#### ***Fidelity***

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. 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.

## **SEI**

SEI calculates the amount of the fee to be deducted from the client's account based on information provided by AFS. 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.

It is important for clients to carefully review their custodial statements to verify the accuracy of the calculation of their fees, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

### **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. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

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

### **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.



As an advisory firm that maintains discretionary authority for client accounts we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. AFS has no additional financial circumstances to report.

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



**Part 2B of Form ADV: *Brochure Supplement***

James S Altschuler  
Scott M Denisevich

Altschuler Financial Services  
Lexington, Lexington MA  
August 19, 2021

This brochure supplement provides information about the individuals listed above that supplements the Altschuler Financial Services (AFS) brochure. You should have received a copy of that brochure. Please contact James S. Altschuler if you did not receive AFS' brochure or if you have any questions about the contents of this supplement.

Additional information about the individuals listed above is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2A Educational Background and Business Experience

**Full Legal Name:** James S Altschuler      **Born:** 1965

### Education

- Bryant University; B.S., Accounting; 1987

### Business Experience

- Altschuler Financial Services; Owner; from 04/1994 to Present

### Designations

Mr. James S Altschuler has earned the following designations and is in good standing with the granting authority:

- Certified Public Accountant; Commonwealth of MA Board of Public Accountancy; 1991
- Certified Financial Planner; Certified Financial Planner Board of Standards; 1995

## Item 3A Disciplinary Information

*There are no legal, civil, or disciplinary events to disclose regarding Mr. James Altschuler.*

Mr. Altschuler has never been involved in any regulatory, civil, or criminal action. There are been no Client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Altschuler.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil, or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. *As previously noted, there are no legal, civil, or disciplinary events to disclose regarding Mr. Altschuler.*

However, we do encourage you to independently view the background of Mr. Altschuler on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Select Investment Adviser Search from the left navigation menu. Then select the option for Investment Adviser Representative and enter 2641104 under Individual Name or CRD or #130004 under Employing Firm Name or CRD#.

## **Item 4A Other Business Activities**

### **A. Investment-Related Activities**

1. Mr. James S Altschuler is not engaged in any other investment-related activities.
2. Mr. James S Altschuler does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

### **B. Non-Investment-Related Activities**

Mr. James S. Altschuler has additional business activities that are detailed in Item 10 Other Financial Activities and Affiliations in Part 2A.

## **Item 5A Additional Compensation**

Mr. James S Altschuler does not receive any economic benefit from a non-advisory Client for the provision of advisory services.

## **Item 6A Supervision**

**Supervisor:** James S. Altschuler

**Title:** Chief Compliance Officer

**Phone Number:** 781-674-2297

Mr. Altschuler serves as the Owner and Chief Compliance Officer of AFS.  
Mr. Altschuler can be reached at 781-674-2297, etc. 11.

AFS has implemented a Code of Ethics and internal compliance that guide each employee in meeting their fiduciary obligations to Clients of AFS. Further, AFS is subject to oversight by various agencies. These agencies require registration by AFS and its employees. As a registered entity, AFS is subject to examinations by regulators, which may be announced or unannounced. AFS is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

## Item 2B Educational Background and Business Experience

**Full Legal Name:** Scott M Denisevich    **Born:** 1967

### Education

- University of Massachusetts; B.S., Liberal Arts; 1990

### Business Experience

- Self-Employed; Owner; from 11/2002 to 8/2005
- Dawn Kay CPA; Staff Accountant; from 08/2005 to 06/2007
- Frederick Ciampa CPA; Staff Accountant; from 08/2005 to 06/2007
- Altschuler Financial Services; Senior Associate; from 06/2007 to Present

## Item 3B Disciplinary Information

*There are no legal, civil, or disciplinary events to disclose regarding Mr. Scott Denisevich.*

Mr. Denisevich has never been involved in any regulatory, civil, or criminal action. There are been no Client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Denisevich.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil, or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. *As previously noted, there are no legal, civil, or disciplinary events to disclose regarding Mr. Denisevich.*

However, we do encourage you to independently view the background of Mr. Denisevich on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Select Investment Adviser Search from the left navigation menu. Then select the option for Investment Adviser Representative and enter 5816689.

## **Item 4B Other Business Activities**

### **A. Investment-Related Activities**

1. Mr. Scott M Denisevich is not engaged in any other investment-related activities.
2. Mr. Scott M Denisevich does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

### **B. Non Investment-Related Activities**

Mr. Scott M Denisevich is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

## **Item 5B Additional Compensation**

Mr. Scott M Denisevich does not receive any economic benefit from a non-advisory Client for the provision of advisory services.

## **Item 6B Supervision**

**Supervisor:** James S. Altschuler

**Title:** Chief Compliance Officer

**Phone Number:** 781-674-2297

Mr. Altschuler serves as the Owner and Chief Compliance Officer of AFS.  
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