



## **Advisory Brochure of Sullivan, Bruyette, Speros & Blayney, LLC**

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This brochure provides information about the qualifications and business practices of Sullivan, Bruyette, Speros & Blayney, LLC d/b/a SBSB Financial Advisors. If you have any questions about the contents of this brochure, please contact Gary Ingram at 703-734-9300 or via email at [gary.ingram@sbsbllc.com](mailto:gary.ingram@sbsbllc.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.

SBSB Financial Advisors is an SEC-registered investment adviser. Registration of an adviser with the SEC does not imply a certain level of skill or training.

Additional information about SBSB Financial Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our firm's CRD number is 109732.

## **Item 2 – Material Changes**

The following is a summary of the changes made to this Brochure since the last annual update dated March 30, 2020:

This disclosure Brochure has been amended at Item 4 below to reflect that Sullivan, Bruyette, Speros & Blayney, LLC (“SBSB”) now holds itself out to the public as SBSB Financial Advisors. **ANY QUESTIONS: SBSB’s Chief Compliance Officer, Gary D. Ingram, CFP®, remains available to address any questions regarding this Part 2A.**

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## **Item 4 – Advisory Business**

Sullivan, Bruyette, Speros & Blayney, LLC (SBSB) is an SEC-registered investment advisor located in McLean, Virginia. SBSB holds itself out to the public as SBSB Financial Advisors. We were established in 1991 and are wholly-owned by SBSB Holdings, LLC, a Virginia limited liability company.

We offer investment advisory, financial planning, and tax services to a variety of affluent individuals, trusts, non-profit organizations, and corporations.

As of December 31, 2019, we had approximately \$4.29 billion in assets under management.

### **Investment Advisory Services**

We develop a mutually-agreed upon personalized Investment Policy Statement “IPS” based upon data gathered through discussions with our clients. We build a customized and diversified portfolio that meets the parameters outlined in the IPS. During our data gathering process we discuss the client’s goals and 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.

Account assets are managed in accordance with the IPS. The IPS is amended as appropriate to meet the client’s objectives, taking into account changing economic conditions and tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

We perform an internal review of client information at least annually to help ensure that each client’s current needs and investment objectives are being appropriately addressed. We rebalance client portfolios on an as-needed basis to comply with the stated objective in the IPS.

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 publicly-traded securities, mutual funds, exchange-traded funds (“ETFs”), and corporate or municipal bonds. We recommend investments that are suitable for the client and consistent with the client’s stated investment objectives, tolerance for risk, and liquidity needs.

*Use of Mutual Funds.* Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by SBSB independent of engaging SBSB as an investment advisor. However, if a prospective client determines to do so, he/she will not receive SBSB’s initial and ongoing investment advisory services.

*Use of DFA Mutual Funds and Other Funds with Potential Restrictions.* As indicated above, most mutual funds are available directly to the public, without need to engage an investment professional. Other mutual funds, such as those issued by Dimensional Fund Advisors (“DFA”), are generally only available through registered investment advisers. SBSB utilizes DFA mutual funds and may utilize other funds with potential restrictions. Thus, if the client was to terminate SBSB’s services, restrictions regarding transferability and/or additional purchases of, or reallocation among, DFA funds will apply.

## **Financial Planning**

We provide financial planning services. Financial planning is an evaluation of a client's current and future financial state using currently-known variables to attempt to predict future cash flows, asset values, and withdrawal plans. Clients who request this service receive advice designed to assist them in achieving their financial goals and objectives. Financial consulting may also be provided on a more limited basis as requested by our clients.

We gather information from our clients through interviews and the review of various financial documents, including a confidential questionnaire completed by the client. Information gathered includes the client's current financial status, tax situation, future goals, and attitude towards risk. We carefully review the information gathered and deliver our advice and recommendations during meetings or telephone calls.

*Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.* SBSB will generally provide financial planning, and related consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. inclusive of its advisory fee set forth at Item 5 below (exceptions may occur based upon assets under management, special projects, etc. for which SBSB may charge a separate fee, or a stand-alone financial planning engagement).

## **Tax Service**

We provide tax preparation and tax consulting services. These services may include preparing tax returns and projections, conducting tax research, advising on tax strategies, and/or communicating with tax authorities on behalf of our clients.

## **Important Disclosures**

### *Compensation*

Our Financial Professionals are eligible to receive bonus compensation, which is based, at least in part, on the amount of new client relationships and/or new investment assets that is introduced to SBSB. Accordingly, our Financial Professionals have a conflict of interest for recommending SBSB to clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

### **ERISA & 401(k) Individual Engagements**

*Trustee Directed Plans.* SBSB can be engaged to provide investment advisory services to ERISA retirement plans, whereby SBSB shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, SBSB will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). SBSB will generally provide services on an "assets under management" fee basis per the terms and conditions of an Investment Advisory Agreement between the Plan and SBSB.

*Participant Directed Retirement Plans.* SBSB can also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Services Agreement between SBSB and the plan. For such engagements, SBSB shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by SBSB), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

*Client Retirement Plan Assets.* If requested to do so, SBSB shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, SBSB shall recommend that the client allocate the retirement account assets among the investment options available on the 401(k) platform. SBSB shall be limited to making recommendations regarding the allocation of the assets among the investment alternatives available through the plan. SBSB will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify SBSB of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

Please Note: Retirement Rollovers-Potential for Conflict of Interest. A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) roll over the assets to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If SBSB recommends that a client roll over their retirement plan assets into an account to be managed by SBSB, such a recommendation creates a conflict of interest if SBSB will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by SBSB. SBSB's Chief Compliance Officer, Gary Ingram, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

*Portfolio Activity.* SBSB has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, SBSB will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when SBSB determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated in Item 8, below, there can be no assurance that investment decisions made by SBSB will be profitable or equal any specific performance level(s).

*Private Investment Funds.* In limited circumstances, SBSB also provides investment advice regarding private investment funds. SBSB, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds. SBSB's role relative to unaffiliated private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an unaffiliated private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of SBSB calculating its investment advisory fee. SBSB's clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and

acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** SBSB shall calculate its advisory fee based upon the latest value provided by the fund sponsor and/or account custodian.

*Byallaccounts and eMoney.* In conjunction with the services provided by Byallaccounts and eMoney, SBSB may also provide access to account aggregation services, which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets that SBSB manages (the "Excluded Assets"). Unless otherwise expressly agreed to, in writing, by the client and/or his/her/its other advisors that maintain trading authority, and not SBSB, shall be exclusively responsible for the investment decisions and performance of the Excluded Assets. SBSB does not provide investment management, monitoring or implementation services for the Excluded Assets. The client may engage SBSB to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the Investment Advisory Agreement between SBSB and the client.

*Separately Managed Account Programs.* We may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated Separately Managed Account programs in accordance with the client's designated investment objective(s). In such situations, the Separately Managed Account Manager shall have day-to-day responsibility for the active discretionary management of the allocated assets. SBSB shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which we consider in recommending Separately Managed Account programs include: the client's designated investment objective(s) as applied to the Separately Managed Account program, management style, performance, reputation, financial strength, reporting, pricing, and research. Clients participating in Separately Managed Account programs may be charged various program fees by the separate account manager in addition to SBSB's advisory fee.

*Independent Managers.* Although SBSB does not generally recommend Independent Managers, SBSB may have a limited number of clients who have directed or requested that a portion of their assets be allocated among unaffiliated independent investment managers. In such situations, the Independent Managers shall have day-to-day responsibility for the active discretionary management of the allocated assets. SBSB shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation, and client investment objectives. The investment management fee charged by the Independent Managers is separate from, and in addition to, SBSB's investment advisory fee as set forth in the fee schedule at Item 5 below.

*Client Obligations.* In performing our services, we shall not be required to verify any information received from the client or from the client's other professionals and are expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify SBSB if there is any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising previous recommendations or services.

*Disclosure Statement.* A copy of SBSB's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of any investment advisory agreement.

## Item 5 – Fees and Compensation

### Investment Advisory and Portfolio Management Fees

Unless provided to the contrary, in writing, fees are billed in arrears at the end of each calendar quarter and are based upon the average of the month-end market values of the client's account during the quarter, including cash and margin balances. Accounts on margin are typically adjusted for billing purposes. Fees are invoiced directly to the client or deducted from the client's account(s) in accordance with the client's instructions to SBSB.

**Individual and Institutional (Non-ERISA and Not-For-Profit) Clients with Assets Under Management less than \$5 million:** The fee schedule shall range 0.75%-1.00% depending upon the amount of assets placed under SBSB's management, as set forth on the fee schedule annexed to the Investment Advisory Agreement between SBSB and the client. The billing method and corresponding fee schedule could change in the event assets under our management exceed \$5 million on September 30<sup>th</sup> of any subsequent calendar year per the below.

**Individual Clients with Assets Under Management more than \$5 million:** The fee schedule shall range 0.25%-0.70% depending upon the amount of assets placed under SBSB's management, as set forth on the fee schedule annexed to the Investment Advisory Agreement between SBSB and the client. The annual advisory fee percentage shall be determined annually based upon the market value of the assets on September 30<sup>th</sup> of each engagement year. The annual advisory fee percentage shall remain constant during the engagement year (October 1-September 30) regardless of additions or withdrawals of Assets from the Account(s). As a result, the client could pay a higher or lower fee (and the Firm could earn a higher or lower fee) during any portion of the engagement year depending upon assets added or withdrawn from the Account(s). The billing method and corresponding fee schedule could change in the event assets under our management fall below \$5 million at the end of an engagement year per the above.

**Institutional (Non-ERISA and Not-For-Profit) Clients with Assets Under Management more than \$5 million:** The fee schedule shall range 0.20%-0.55% depending upon the amount of assets placed under SBSB's management, as set forth on the fee schedule annexed to the Investment Advisory Agreement between SBSB and the client. The annual advisory fee percentage shall be determined annually based upon the market value of the assets on September 30<sup>th</sup> of each engagement. The annual advisory fee percentage shall remain constant during the engagement year (October 1-September 30) regardless of additions or withdrawals of Assets from the Account(s). As a result, the client could pay a higher or lower fee (and the Firm could earn a higher or lower fee) during any portion of the engagement year depending upon assets added or withdrawn from the Account(s).

**Please Note:** Regardless of the fee schedule or billing method, SBSB continues to believe that it is important for the Individual client to address financial planning issues with SBSB on an ongoing basis. SBSB's advisory fee will remain the same regardless of whether the Individual client determines to address planning issues with SBSB. SBSB remains available to address planning issues with the client on an ongoing basis. **Please Further Note:** SBSB, in its sole discretion, may waive or modify its fee or asset level, charge a lesser investment advisory fee, charge a flat fee, or waive its fee entirely based upon certain criteria (i.e. type of client, anticipated future earning



capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, grandfathered fee schedules, SBSB employees and family members, courtesy accounts, competition, negotiations with client, etc.). As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisors for similar or lower fees. **ANY QUESTIONS:** SBSB's Chief Compliance Officer, Gary D. Ingram, CFP®, remains available to address any questions that a client or prospective client may have regarding advisory fees.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30-day written notice. Management fees will continue to be assessed during that 30-day period.

### **Financial Planning Fees**

SBSB fees for financial planning services are based upon the nature of the specific services provided and the complexity of each client's circumstances.

SBSB financial planning fees are based upon hourly rates typically ranging from \$80 to \$600 plus all expenses incurred on the client's behalf, depending on the specific arrangement reached with the client. Fixed fees, if billed, will not exceed \$500 for work that will not be completed within six months. Fees are negotiable.

If a client terminates the relationship with SBSB, a refund of any fees paid, less time and direct expenses incurred, will be made upon such termination. Any unpaid fees will be billed in arrears.

### **Tax Preparation and Consulting Fees**

SBSB fees for tax services are based upon hourly rates typically ranging from \$80 to \$600 depending on the complexity and staff assigned, plus all expenses incurred on the client's behalf. The client is typically billed upon completion of the return or consultation service.

### **Other Fees and Expenses**

*Mutual Fund and Exchange Traded Fund "ETF" Fees.* All fees paid to SBSB by clients for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds 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. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by SBSB 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 SBSB's fees to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

*Separately Managed Account Fees.* Clients participating in separately managed account programs may be charged various program fees by the separate account manager in addition to SBSB's advisory fee.

*Independent Manager Fees.* The investment management fee charged by an unaffiliated independent manager is in addition to SBSB's advisory fee.

*Additional Fees and Expenses.* In addition to SBSB's 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 transaction for the client's account(s). Please refer to *Item 12 – Brokerage Practices* of this brochure for additional information.

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

We do not charge performance-based fees (i.e., fees based on a share of capital gains, or capital appreciation, of the assets of a client).

## **Item 7 – Types of Clients**

SBSB provides advisory services to high net worth individuals, trusts, non-profit organizations, corporations, and retirement accounts. In general, we require a minimum account size of \$1,000,000 for discretionary investment management services. However, SBSB, in its sole discretion, can waive or modify its minimum account size, charge a lesser investment advisory fee, charge a flat fee, or waive its fee entirely based upon certain criteria (i.e. type of client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, grandfathered fee schedules, SBSB employees and family members, courtesy accounts, competition, negotiations with client, etc.). Please Note: As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisors for higher, similar, or lower fees.

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

*Investment Risk.* Different types of investments involve varying degrees of risk. Clients should not assume that the future performance of any specific investment or investment strategy, recommended or undertaken by SBSB, or any non-investment related services, will be profitable, equal any historical performance level or prove successful. We do not guarantee investment performance, profitability or future returns.

### **Methods of Analysis**

SBSB uses the following methods of analysis in formulating our investment advice and managing client assets.

*Asset Allocation.* Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equities, fixed income investments, 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 investments, and cash will change over time due to market movements and, if not corrected, will no longer be appropriate for the client's goals.

*Mutual Fund and 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 successfully 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 that the fund's securities are consistent with the peer group's asset class. We also monitor the funds or ETFs in an attempt to determine if they continue to follow their stated investment strategy.

A risk of mutual fund and 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 of the fund or ETF may deviate from the stated investment mandate or strategy of that fund or ETF, which could make the holdings less suitable for the client's portfolio.

### **Investment Strategies**

We attempt to select investment strategies that are appropriate for the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

While long-term purchases (i.e., ideally holding the securities in the account for a year or more) represent the typical investment strategy deployed by our advisors, we may utilize a variety of other investment strategies if we deem the strategy is in the client's best interest or the client requests the use of any particular strategy. Other investment strategies may include:

- short term purchases (securities sold within a year);
- selling securities within 30 days of purchase;
- short sales;
- margin transactions; and
- option writing (including covered options, uncovered options, or spread strategies).

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

### **Risk of Loss**

We attempt to offset risk of loss by reviewing and rebalancing each client's portfolio as outlined in the Investment Policy Statement. Because of the dynamic and fast-moving nature of investment markets, unanticipated new risks can arise at any time. Maintaining a highly diversified investment portfolio helps to offset risks but cannot eliminate them altogether.

## **Item 9 – Disciplinary Information**

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

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

We have no management persons registered as or pending registration as a registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

SBSB may refer clients and other individuals to unaffiliated investment advisory firms. In such instances, SBSB will receive compensation in the form of a referral fee should a referred client or other individual determine to engage the unaffiliated investment advisory firm to provide investment management services. Any referral fee received by SBSB: (1) shall be paid solely from the unaffiliated investment advisor's investment management fee; (2) shall not result in any

additional charge to the client; and (3) shall be paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements.

Conflict of Interest: SBSB's recommendation that an individual or entity engage an unaffiliated investment advisory firm presents a conflict of interest, as the receipt of a referral fee may provide an incentive to recommend the unaffiliated investment advisory firm based upon the referral fee received, rather than on a particular client's need. No person or entity is under any obligation to engage any investment advisory firm recommended by SBSB.

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

SBSB has adopted Standards of Business Conduct and Code of Ethics for Investment (as supplemented by our Compliance Manual and other applicable policies and procedures, the "Code") which establishes standards for both business conduct and personal investments by our supervised persons. The Code sets forth the high ethical standards of business conduct that we require of our employees. The firm and our supervised persons act as a fiduciary to our advisory clients and we owe our clients duties of loyalty, fairness and good faith. We are obligated to place our clients' interests first and foremost and to make full and fair disclosure of all material facts and, in particular, information as to any potential or actual conflict of interest.

Our Code prohibits our supervised persons from engaging in fraudulent conduct or trading on the basis of material non-public information. The Code also contains provisions governing confidentiality of information, compliance with laws, conflicts of interest, gifts and entertainment, and personal trading. Our Code also contains provisions requiring that supervised persons comply with the federal securities laws and promptly report any violations of the Code. Our Code of Ethics is intended to help prevent personal securities transactions, activities, and interests of our employees from interfering with our duty to make decisions in the best interest of our clients.

Our firm and our supervised persons may buy or sell securities identical to or different from those recommended to our clients for their personal accounts. In addition, any related persons may have an interest or position in certain securities that may also be recommended to a client. In an attempt to prevent employees from benefiting from transactions placed in client accounts, our Code prohibits employees from buying or selling any security that is included on our "Insider Stock Watch List" on a day when we have decided to buy or sell that same security for a client, including a decision to increase or decrease clients' positions in the same security, until after the clients' transactions have been executed. These transactions must be pre-cleared by our Chief Compliance Officer. Our compliance personnel ensure that procedures regarding personal trading are followed by pre-clearing certain trades in accordance with the Code, reviewing holdings reports, and reviewing personal securities transactions reports.

A copy of our Code of Ethics is available to our clients and prospective clients. You may request a copy by contacting Gary Ingram at 703-734-9300 or via email at [gary.ingram@sbsblc.com](mailto:gary.ingram@sbsblc.com).

SBSB and individuals associated with our firm do not engage in principal transactions or agency cross transactions.

We do not recommend to our clients any investments in which we or a related party have a proprietary interest.

## **Item 12 – Brokerage Practices**

Although SBSB may recommend clients establish accounts at certain broker-dealers, it is ultimately the client's decision where to custody their assets and which broker-dealers to engage. This is established in the client agreement and changed pursuant to amendment.

We recommend broker-dealers to custody client assets based on their past record and general reputation and broker-dealers that we reasonably believe will provide best execution services for client trades. Unless the client directs otherwise, SBSB generally recommend that clients establish accounts (by executing a separate agreement with the broker-dealer regarding the terms and conditions of the arrangement, including fees payable by the client) with the following broker-dealers to maintain custody of their assets and effect trades for their accounts:

- Schwab Advisor Services ("Schwab"), division of Charles Schwab & Company, Inc., an independent and unaffiliated registered broker-dealer and FINRA member;
- Fidelity Clearing & Custody Solutions("Fidelity"), is a division of Fidelity Brokerage Services LLC, and independent and unaffiliated registered broker-dealer and member NYSE, SIPC; and,
- Pershing Advisor Solutions LLC ("Pershing"), an independent and unaffiliated registered broker-dealer and FINRA member.

Broker-dealers such as Schwab, Fidelity and Pershing, charge brokerage commissions and/or transaction fees for effecting securities transactions. Custodial transaction fees, paid for by the client, typically range from \$4.95 to \$75 per transaction and are generally determined by the security type being traded and the amount (dollars or shares) of the trade. Clients may incur lower transactional charges by investing through other sources. SBSB's recommended custodians may also charge custodial fees.

Schwab, Fidelity and Pershing provide SBSB with access to institutional trading and custody services which are typically not available to retail investors. They may, from time to time, provide products and services that assist us in managing and administering clients' accounts including software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from clients' accounts; and/or (v) assist with back-office functions, recordkeeping and client reporting.

Schwab's, Fidelity's and Pershing's services generally are available to independent investment advisors on an unsolicited basis at no charge to them. These custodians' brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab, Fidelity and Pershing may also offer other services intended to help us manage and further develop our business enterprise. These services may include: (i) compliance, legal, and business consulting; (ii) publications and conferences on practice management and business succession; and

(iii) access to employee benefits providers, human capital consultants, and insurance providers. Schwab, Fidelity and Pershing may make available, arrange and/or pay third-party vendors for the types of services rendered to us. They may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. They may also provide other benefits such as educational events or occasional business entertainment to our personnel. In evaluating whether to recommend or require that a client custody their assets at Schwab, Fidelity or Pershing, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider, and not solely on the nature, cost, or quality of custody and brokerage services, which may create a potential conflict of interest.

Some clients, when undertaking an advisory relationship, already have a pre-established relationship with a broker-dealer and instruct us to execute all transactions through the pre-established broker-dealer. In these cases, where a client directs us to use a particular broker-dealer, it should be understood that under those circumstances we may not have authority to negotiate fees or obtain volume discounts and best execution may not be achieved. In addition, a disparity in fees charged may exist between the fees charged by the broker-dealer to other clients who do not direct us to use a particular broker-dealer.

### **Soft Dollars**

In return for effecting securities transactions through Schwab, we receive certain investment research products or services which assist us in our investment decision making process for the client pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a “soft-dollar” arrangement). Investment research products or services received by SBSB may include, but are not limited to, analyses pertaining to specific securities, companies or sectors; market; financial and economic studies and forecasts; financial publications, portfolio management systems, and statistical and pricing services. Although the commissions paid by our clients shall comply with our duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect 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 services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products or services that may be obtained by SBSB 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. With respect to investment research products or services obtained by SBSB that have a mixed use of both a research and non-research (i.e., administrative, etc.) function, we shall make a reasonable allocation of the cost of the product or service according to its use - the percentage of the product or service that provides assistance to our investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by SBSB with hard dollars.

### **Schwab Referrals**

We receive client referrals from Schwab through our participation in Schwab Advisor Network™ (“the Service”), designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with SBSB. Schwab does not supervise SBSB and has no responsibility for our management of clients’ portfolios or our other advice or services. We pay

Schwab fees to receive client referrals through the Service. Our participation in the Service may raise potential conflicts of interest described below.

We pay Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee is a percentage of the fees owed by the client to SBSB or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. We pay Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to SBSB quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is not paid by the client.

We generally pay Schwab a Non-Schwab Custody Fee, if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab, unless the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees we generally would pay in a single year. Thus, we will have an incentive to recommend that client accounts derived from the service be maintained in custody at Schwab.

Participation and Non-Schwab Custody Fees will be based on assets in our client's accounts who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from the accounts.

### **Aggregated Trades**

SBSB is not a significant participant in block trades. However, in the event we do participate, we will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek best execution for our clients. Additionally, no advisory client will be favored over any other client; each client that is included in an aggregated order will participate at the average share price for all our transactions in that security on a given business day with transaction costs shared pro-rata based on each client's participation in the transaction. Before entering an aggregated order, we will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how we intend to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will be allocated pro rata based on the Allocation Statement.

**Any Questions: SBSB's Chief Compliance Officer, Gary Ingram, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.**

### **Item 13 – Review of Accounts**

Client accounts are reviewed at least annually. Material market events or changes in a client's personal situation may cause more frequent reviews. Client account reviews are performed by our financial advisors. Client reviews are assigned based on the reviewer's abilities, skills, and experience.

As part of SBSB's investment advisory services, investment reports are made available to clients through our "SBSB Reports" powered by Tamarac. The reports include portfolio detail and investment performance of the account(s) under our management.

Financial plans are provided to our clients as contracted. These reports are generally rendered on an as-requested basis.

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

As indicated in Item 12 above, SBSB may receive from Schwab, Fidelity and Pershing without cost (and/or at a discount), support services and/or products. SBSB's clients do not pay more for investment transactions effected and/or assets maintained at Schwab, Fidelity and Pershing as result of this arrangement. There is no corresponding commitment made by SBSB to Schwab, Fidelity and Pershing or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements.

SBSB participates in the Schwab Advisor Network referral program, as mentioned in *Item 12—Brokerage Practices* of this brochure. In exchange for client referrals we pay Schwab a referral fee that is an annualized rate of 0.10% to 0.25%, paid quarterly on the average account balance for all assets we manage for clients referred to us through the program.

At the time of solicitation, Schwab discloses to prospective clients the nature of the solicitor relationship with us. When a client enters into an advisory agreement with us, the client acknowledges in writing the nature of the referral arrangement, including the terms of compensation between us and Schwab.

If a client is introduced to SBSB by any other unaffiliated or affiliated solicitor, SBSB may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee, such as a retainer, a flat fee per referral and/or a percentage of introduced capital, shall be paid solely from SBSB's investment management fee and shall not result in any additional charge to the client. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. If the client is introduced to SBSB by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of SBSB's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between SBSB and the solicitor, including the compensation to be received by solicitor from SBSB.

**Any Questions: SBSB's Chief Compliance Officer, Gary Ingram, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.**



## **Item 15 – Custody**

SBSB shall have the ability to have our advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts.

To the extent that we provide clients with periodic account statements or reports, the client is urged to compare any statement or report provided by SBSB with the account statements received from the account custodian. Your account custodian does not verify the accuracy of our advisory fee calculation.

*Relationships Requiring Heightened Compliance.* Although we do not represent ourselves to clients as an entity which may be engaged to perform trustee services, certain of our related persons have been engaged, in their individual capacities, as trustees of client trusts. Additionally, we may accept certain standing letters of authorization allowing us to transfer assets from a client's account to a designated third party. These relationships require SBSB to undergo, each year, a surprise audit which is conducted by an unaffiliated Certified Public Accountant.

## **Item 16 – Investment Discretion**

Clients may hire SBSB 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
- Determine the amount of the security to buy or sell
- Determine when to buy or sell a particular security

Clients give us discretionary authority when they sign a portfolio management agreement with us and may limit this authority by giving us written instructions. Clients may also change such limitations by providing us with additional written instructions.

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

We do not vote proxies for client accounts. Clients maintain exclusive responsibility for (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (ii) 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 holding their assets to forward them copies of all proxies and shareholder communications relating to their investments.

For trust accounts where we serve as investment advisor and Schwab serves as trustee, Schwab (or its designee) maintains exclusive responsibility for (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by a client shall be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to a trust's investment assets.

## **Item 18 – Financial Information**

We do not have any financial condition that would impair our ability to meet contractual commitments to our clients and have not been the subject of a bankruptcy proceeding. A balance sheet is not required because we do not require prepayment of more than \$500 in fees per client, six months or more in advance.

## **Additional Information**

### **Privacy Notice**

Our Privacy Notice is available by contacting us at 703-734-9300 or by emailing Gary Ingram at [gary.ingram@sbsbllc.com](mailto:gary.ingram@sbsbllc.com).

### **Anti-Money Laundering**

When clients open an account, we will ask for their name, address, date of birth, and other information that will allow us to identify them. We may also ask clients to provide a copy of their driver's license or other identifying documents.

A corporation, partnership, trust or other legal entity may need to provide other information, such as its principal place of business, local office, employer identification number, certificate of incorporation, government-issued business license, partnership agreement, trust agreement, or other identifying documents.

The information clients provide may be used to verify clients' identity by using internal sources and third-party vendors. If the requested information is not provided within thirty calendar days, we can suspend services to a client's account.

### **Any Questions**

SBSB's Chief Compliance Officer, Gary Ingram, remains available to address any questions that a client or prospective client may have regarding any of the above disclosures.



## **Sullivan, Bruyette, Speros & Blayney, LLC**

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**8444 Westpark Drive, Suite 610  
McLean, VA 22102  
(703) 734-9300  
[www.sbsbllc.com](http://www.sbsbllc.com)**

*November 2, 2020*

This brochure supplement provides information about members of the firm's Investment Policy Committee that supplements the Sullivan, Bruyette, Speros & Blayney, LLC d/b/a SBSB Financial Advisors ("SBSB") Advisory brochure. You should have received a copy of the brochure. Please contact Gary Ingram at 703-734-9300 if you did not receive SBSB's brochure or if you have any questions about the contents of this supplement.

Discretionary investment advice is provided by the Investment Policy Committee of SBSB. The Investment Policy Committee Members are: James J. Bruyette, Gary J. Lyons, Walter Nockett, Jeffrey R. Porter, Peter C. Speros, and Gregory D. Sullivan.

Additional information about each member of the Investment Policy Committee of SBSB is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

# James Joseph Bruyette

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Year of Birth: 1955

Educational Background and Business Experience:

B.A. Economics, Accounting; Duke University (1977)  
CERTIFIED FINANCIAL PLANNER™ professional<sup>2</sup>  
Certified Public Accountant<sup>1</sup>  
Co-CEO; Principal; SBSB Financial Advisors; 1991 – Present

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Bruyette's role and responsibilities at SBSB Financial Advisors.

Other Business Activities:

Mr. Bruyette is not actively involved in any other investment-related business or occupation aside from his duties at SBSB Financial Advisors.

Additional Compensation:

Mr. Bruyette is eligible to receive bonus compensation, which is based, at least in part, on the amount of new client relationships and/or new investment assets that Mr. Bruyette introduces to SBSB Financial Advisors. Accordingly, Mr. Bruyette has a conflict of interest for recommending SBSB Financial Advisors to clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

Supervision:

SBSB has a number of policies and procedures in place to monitor client portfolios for compliance with Investment Policy Committee investment decisions and the client's stated objectives. Periodic reviews are conducted in accordance with these policies. The Investment Policy Committee is responsible for supervision of investment activity. For more information, contact Greg Sullivan, Co-CEO; Principal, at 703-734-9300 ext. 785.

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

# Gary Jerome Lyons

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Year of Birth: 1959

Educational Background and Business Experience:

B.B.A. Accounting, Finance; University of Georgia (1983)

MBA Finance; University of Kentucky (1988)

Senior Director, Senior Portfolio Advisor; SBSB Financial Advisors; 2004 – Present

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Lyons' role and responsibilities at SBSB Financial Advisors.

Other Business Activities:

Mr. Lyons is not actively involved in any investment-related business or occupation aside from his duties at SBSB Financial Advisors.

Additional Compensation:

Mr. Lyons is eligible to receive bonus compensation, which is based, at least in part, on the amount of new client relationships and/or new investment assets that Mr. Lyons introduces to SBSB Financial Advisors. Accordingly, Mr. Lyons has a conflict of interest for recommending SBSB Financial Advisors to clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

Supervision:

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

# Walter John Nockett

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Year of Birth: 1988

Educational Background and Business Experience:

B.S. Finance, Marketing; University of Maryland, College Park (2010)

CERTIFIED FINANCIAL PLANNER™ professional<sup>2</sup>

Chartered Financial Analyst<sup>3</sup>

Accredited Investment Fiduciary®<sup>5</sup>

Director Portfolio Advisor; SBSB Financial Advisors; 2016 – Present

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Nockett's role and responsibilities at SBSB Financial Advisors.

Other Business Activities:

Mr. Nockett is not actively involved in any investment-related business or occupation aside from his duties at SBSB Financial Advisors.

Additional Compensation:

Mr. Nockett is eligible to receive bonus compensation, which is based, at least in part, on the amount of new client relationships and/or new investment assets that Mr. Nockett introduces to SBSB Financial Advisors. Accordingly, Mr. Nockett has a conflict of interest for recommending SBSB Financial Advisors to clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

Supervision:

SBSB has a number of policies and procedures in place to monitor client portfolios for compliance with Investment Policy Committee investment decisions and the client's stated objectives. Periodic reviews are conducted in accordance with these policies. The Investment Policy Committee is responsible for supervision of investment activity. For more information, contact Greg Sullivan, Co-CEO; Principal, at 703-734-9300 ext. 785.

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

# Jeffrey Richard Porter

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Year of Birth: 1977

Educational Background and Business Experience:

B.S. Finance; University of Virginia (2000)

CERTIFIED FINANCIAL PLANNER™ professional<sup>2</sup>

Chartered Financial Analyst<sup>3</sup>

Principal, Chief Investment Officer; SBSB Financial Advisors; 2004 – Present

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Porter's role and responsibilities at SBSB Financial Advisors.

Other Business Activities:

Mr. Porter is not actively involved in any investment-related business or occupation aside from his duties at SBSB Financial Advisors.

Additional Compensation:

Mr. Porter is eligible to receive bonus compensation, which is based, at least in part, on the amount of new client relationships and/or new investment assets that Mr. Porter introduces to SBSB Financial Advisors. Accordingly, Mr. Porter has a conflict of interest for recommending SBSB Financial Advisors to clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

Supervision:

SBSB has a number of policies and procedures in place to monitor client portfolios for compliance with Investment Policy Committee investment decisions and the client's stated objectives. Periodic reviews are conducted in accordance with these policies. The Investment Policy Committee is responsible for supervision of investment activity. For more information, contact Greg Sullivan, Co-CEO; Principal, at 703-734-9300 ext. 785.

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

# Peter Charles Speros

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Year of Birth: 1961

Educational Background and Business Experience:

B.S. Business; Pennsylvania State University (1983)

CERTIFIED FINANCIAL PLANNER™ professional<sup>2</sup>

President; Secretary; Principal; SBSB Financial Advisors; 1991 – Present

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Speros' role and responsibilities at SBSB Financial Advisors.

Other Business Activities:

Mr. Speros is not actively involved in any investment-related business or occupation aside from his duties at SBSB Financial Advisors.

Additional Compensation:

Mr. Speros is eligible to receive bonus compensation, which is based, at least in part, on the amount of new client relationships and/or new investment assets that Mr. Speros introduces to SBSB Financial Advisors. Accordingly, Mr. Speros has a conflict of interest for recommending SBSB Financial Advisors to clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

Supervision:

SBSB has a number of policies and procedures in place to monitor client portfolios for compliance with Investment Policy Committee investment decisions and the client's stated objectives. Periodic reviews are conducted in accordance with these policies. The Investment Policy Committee is responsible for supervision of investment activity. For more information, contact Greg Sullivan, Co-CEO; Principal, at 703-734-9300 ext. 785.

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



# Gregory Donald Sullivan

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Year of Birth: 1957

Educational Background and Business Experience:

B.S. Accounting; Pennsylvania State University (1979)  
Certified Public Accountant<sup>1</sup>  
CERTIFIED FINANCIAL PLANNER™ professional<sup>2</sup>  
Co-CEO; Principal; SBSB Financial Advisors; 1991 – Present

Disciplinary Information:

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Sullivan's role and responsibilities at SBSB Financial Advisors.

Other Business Activities:

Mr. Sullivan is not actively involved in any investment-related business or occupation aside from his duties at SBSB Financial Advisors.

Additional Compensation:

Mr. Sullivan is eligible to receive bonus compensation, which is based, at least in part, on the amount of new client relationships and/or new investment assets that Mr. Sullivan introduces to SBSB Financial Advisors. Accordingly, Mr. Sullivan has a conflict of interest for recommending SBSB Financial Advisors to clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

Supervision:

SBSB has a number of policies and procedures in place to monitor client portfolios for compliance with Investment Policy Committee investment decisions and the client's stated objectives. Periodic reviews are conducted in accordance with these policies. The Investment Policy Committee is responsible for supervision of investment activity. For more information, contact Greg Sullivan, Co-CEO; Principal, at 703-734-9300 ext. 785.

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

## Definitions

<sup>1</sup>**Certified Public Accountant (CPA)** CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Not all individuals licensed as a CPA at SBSB are currently providing CPA services to the public or on behalf of their employer and therefore may be exempt from the required continuing professional education requirements. Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

<sup>2</sup>**The CERTIFIED FINANCIAL PLANNER™, CFP®** and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 6 hours, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

<sup>3</sup>**The Chartered Financial Analyst (CFA)** charter is a professional designation established in 1962 and awarded by the CFA Institute. To earn the CFA charter, candidates must pass three sequential, six-hour examinations over two to four years. The three levels of the CFA Program test a wide range of investment topics, including ethical and professional standards, fixed-income analysis, alternative and derivative investments, and portfolio management and wealth planning. In addition, CFA charterholders must have at least four years of acceptable professional experience in the investment decision-making process and must commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

<sup>4</sup>**Chartered Alternative Investment Analyst (CAIA)** is a professional designation given out by the Chartered Alternative Investment Analyst Association to establish an educational standard for individuals that specialize in the area of alternative investments (such as hedge funds, venture capital, private equity and real estate investment). In order to receive the designation, individuals must have at least one year of professional experience, a U.S. bachelor's degree and must pass two levels of curriculum that include topics ranging from qualitative analysis, trading theories of alternative investments, to indexation and benchmarking.

<sup>5</sup>**The Accredited Investment Fiduciary® (AIF®)** is a professional designation given by the Center for Fiduciary Studies. In order to earn the AIF® designation, candidates must complete a classroom or online-based program, pass an examination, meet a minimum combination of education, industry experience, and/or professional development, and satisfy the Code of Ethics and Conduct Standards. The AIF program provides detailed instruction on how to comply with the fiduciary standards of care and introduces the participant to the 22 Prudent Investment Practices developed by the Foundation for Fiduciary Studies. These practices combine “the minimum requirements of pertinent legislation with industry best practices.” AIF® designees have the ability to implement a prudent process into their own investment practices as well as being able to assist others in implementing proper policies and procedures.