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This brochure is dated February 17, 2021.

Clarity Financial, LLC (hereinafter referred to as RIA Advisors, the Adviser, our, and/or we) is registered with the Securities and Exchange Commission (SEC) as an investment advisor doing business as RIA Advisors. Registration of an investment advisor does not signify or imply any level of skill or training.

This brochure provides information about the qualifications and business practices of RIA Advisors. If you have any questions about the contents of this brochure, please contact us at 281-501-1791 or [connie@riaadvisors.com](mailto:connie@riaadvisors.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 RIA Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 - MATERIAL CHANGES

Please note that there are the following “material changes” contained to this Brochure, and our last annual amendment filing on March 30, 2020 reflected the last “material changes” made to our Brochure. The delivery or posting of the Brochure on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), are set forth below:

- RIA Advisors has updated services, fees and compensation to disclose the relationship with FeeX and robo-advisory services (Item 4, Item 5, Item 8, Item 13).
- RIA Advisors has updated outside compensation to disclose their relationship with a CPA firm (Item 14).

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Connie Mack, Managing Member and CCO, at 281-501-1791 or [connie@riaadvisors.com](mailto:connie@riaadvisors.com).

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## **ITEM 4 - DESCRIPTION OF OUR ADVISORY BUSINESS**

RIA Advisors has operated as an investment adviser since 2009. Currently RIA Advisors employs three Registered Advisor Representatives who operate in one office located in Houston, Texas. As of December 31, 2019, RIA Advisors had \$788,264,468 in client assets under management.

RIA Advisors is owned by Connie Mack.

### **Asset Management**

RIA Advisors primarily provides fee-based investment advisory services. Our main business is “managing investment advisory accounts”. Specifically, this service describes:

- A) Determining what your current financial situation is and what you want to accomplish with your investments over time;
- B) Developing a plan that is tailored to your situation;
- C) Buying and selling investments on your behalf to accomplish the life goals you have.

RIA Advisors may also provide ongoing advice on assets held away at custodians with which RIA Advisors does not have a relationship. This includes direct management of 401ks, 403bs, 529 plans, and other assets where RIA Advisors has discretion and may leverage an Order Management System to implement allocation or rebalancing strategies on behalf of the client. The client securely logs into the order management system and allows RIA Advisors to manage accounts without taking custody of assets. RIA Advisors regularly reviews the current holdings and available investment options in these accounts, monitors the accounts, rebalances and implements RIA Advisors’ strategies as necessary. In limited circumstances, RIA Advisors provides ongoing advice for non-discretionary, held-away accounts.

### **Robo-Advisory Portfolio Management Services**

RIA Advisors provides “robo-advisory” portfolio management services through an online interface. This entails the use of algorithm-based portfolio management advice, rather than in-person investment advice. These automated investment solutions are customized to each client and based on individual characteristics, such as the client’s age, risk tolerance, income, and current assets, among others. RIA Advisors’ investment advisory personnel oversee the algorithm but may not monitor each client’s account. Clients are encouraged to update their account/questionnaire with any change in their objectives, risk tolerance, or other pertinent information, as that information factors into the portfolio’s composition.

## **Financial Planning**

RIA Advisors will create a financial plan covering the following areas:

- A) Fundamentals-Budgeting, Net Worth Statement, and Cash Flow Analysis;
- B) Investment Planning-Determine risk tolerance, create investment strategy for each goal, Provide recommendations on company retirement plan;
- C) Risk Analysis-Insurance review of all policies covering Life, Health, Property, and Casualty to ensure adequate coverage at competitive prices;
- D) Income Tax Planning-Review overall tax strategy as it pertains to small business, investment vehicles, and account tax status;
- E) Estate Planning-Review will and make sure account registration reflects strategy contained in will. Discuss life planning events and create estate strategy around those events.

## **Plan Services**

RIA Advisors will provide tax-qualified employee retirement plans ("Client") with continuous and regular supervisory or management services as set forth below in connection with the securities, cash and or other investments (the "Account Assets") held from time to time in the Account. RIA Advisors shall provide such services to Client, on a non-discretionary basis, and in accordance with the objectives as heretofore specified by Client, and in accordance with the Investment Policy Statement of the Plan ("IPS"). Additionally, RIA Advisors shall make recommendations, consistent with the IPS, as to diversified menu of investment funds to be offered to Plan Participants and beneficiaries covered by the Plan. From time to time, Client and RIA Advisors may amend, modify, or revise the below services as needed to reflect, on a prospective basis, changes in the description of services. Services to be provided:

- A) Creation of customized Investment Policy Statement- Creation of due diligence procedures for adding or removing an investment from platform;
- B) Annual review of Investment Policy Statement;
- C) Creation of Education Policy Statement-decide the content, method and frequency of distribution to plan participants;
- D) Annual review of Education Policy Statement-Review for potential refinement or updating of material;
- E) Annual review of QDIA to ensure compliance with DOL and ERISA standards;
- F) Plan design consultations as needed to keep up with industry changes;
- G) Comprehensive service provider review annually-cost benefit analysis of all service providers including RIA Advisors . Review of cost to ensure competitive pricing compared to industry;
- H) Annual SAFE review- Self-Assessment of Fiduciary Excellence (SAFE) and Consultant's Assessment of Fiduciary Excellence (CAFE). SAFE is a review of understanding of fiduciary care a form of a self-audit;
- I) Review of Fidelity Bond-Should have policy that allows incremental increases as the plan grows. If not will provide annual assessment to see if more coverage is needed;

- J) Annual testing results of plan- Goal is to have 80% employee participation and will recommend strategies to reach goal;
- K) Quarterly review of plan- Review investments on platform, Confirmation of annual notices sent to participants, review changes of retirement plan contribution limits and ensure TPA has necessary information for filing;
- L) Continual Fiduciary education of 401k committee;
- M) Continual Employee education- will work in partnership with plan service provider to maintain continuity;
- N) One on one participant consultations in person or over the phone;
- O) One on one consultation with terminated employees to provide education around the choices they have.

### **ERISA Fiduciary**

The Adviser provides advisory services, which include providing retirement Plan Sponsors or other plan fiduciaries ("Plan Sponsors") investment advisory and management services by assisting plans in establishing and/or maintaining a consistent and ongoing documented process of prudent oversight and due diligence. The Adviser provides services to clients that sponsor a retirement plan that is qualified under the Internal Revenue Code of 1986, as amended (the "IRC") and/or subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Services may include benchmarking, plan design strategies, analysis, fiduciary consulting and oversight, plan level investment advice and investment fund selection and monitoring services, and some employee education services. In regard to fund selection, the Adviser employs the fi360's research and analytical analysis to score mutual funds as part of its selection process.

The Adviser does not act as, and has not agreed to assume the duties of, a Plan trustee or the "Plan Administrator," as defined under section 3(16) of ERISA nor as trustee as described by SEC Rule 206(4)-2. The Adviser has no discretion to interpret the Plan documents, to determine eligibility or participation under the Plan, to provide participant disclosures or communications, to ensure contributions are timely received by the Plan or to exercise any other action with respect to the management, administration or any other aspect of the Plan.

The Adviser's services are offered to assist plan fiduciaries as they carry out their investment related responsibilities and these services should not substitute for or diminish the careful deliberation and determination of plan fiduciaries, after appropriate consultation with their other professional advisers and the review of relevant plan documentation.

### **Non-Discretionary 3(21) Fiduciary Services**

When the Adviser performs "3(21) Fiduciary Services," the Adviser will act as a co-fiduciary "investment adviser" that provides "investment advice" as defined under Section 3(21) of ERISA. Under this arrangement the Adviser is appointed by the plan sponsor or trustee to determine a recommended lineup of investments to be included in the Plan. These recommendations are presented to the Plan Sponsor, who has the ultimate

responsibility to accept or reject the recommendation. The Adviser will not have any further responsibility to communicate instructions to any third-party, including the custodian, and/or third-party administrator. The Adviser will not communicate directly with the recordkeeper regarding administrative and recordkeeping matters arising under the Adviser's investment advisory agreement with the Plan Sponsor, or more generally about the recordkeeper's services to the Plan.

The Adviser will provide the Plan Sponsor with a sample investment policy statement. Each retirement Plan Sponsor should adopt a final investment policy statement ("IPS") which serves as a guide for the Adviser's investment advisory services. The Adviser offers the following 3(21) services:

- Investment screening
- The selection of replacement funds to which existing Plan balances may be transferred
- Assisting clients to finalize a Plan's investment lineup of funds available for investment by Plan participants and used for other administrative purposes under the Plan
- Assisting clients with electing a "qualified default investment alternative" as defined in section 404(c)(5) of ERISA
- Quarterly plan review meetings – including review of Investment Funds

In the Adviser's capacity as a 3(21) plan fiduciary, they will conduct research to determine appropriate investment selections and allocations and to project potential ranges of returns and market values over various time periods and using various cash flows to assist the Plan Sponsor in determining the appropriate investment options for the retirement plan.

The data used to select the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create our forward-looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indices that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indices and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. The Adviser has the responsibility and authority to recommend the investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced. The Plan Sponsor has the responsibility and authority to make the final decision regarding what investments to include and when to add or exclude a specific security.

**Wrap Program**

Adviser does not participate in any wrap fee programs.

## ITEM 5 - FEES AND COMPENSATION

### Asset Management

For asset management RIA Advisors is compensated by advisory fees that are based on a percentage of assets under advisory management. As of August 23, 2019, the maximum percentages charged, based on assets under management, are set out on our fee schedule as follows:

Net Asset Value	Annualized Fee
\$0.00 - \$2,000,000	1%
\$2,000,001 - \$4,000,000	0.75%
\$4,000,001 +	0.65%

Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by 365 days then multiplying product by days contained within current quarter. Accounts opened in mid-quarter will be assessed a pro-rated management fee. Normally, fees are payable quarterly in advance, but the customer can negotiate the payment of fees in arrears. Fees may be deducted from client's account(s) within ten (10) days following the end of the month or quarter for which said fees will be incurred. All advisory fees are based on bundled pricing. Fees are withdrawn directly from the client's accounts with client's written authorization or may be invoiced and billed directly to the client; clients may select the method in which they are billed. Invoiced fees will be paid via online payment processing. Currently RIA Advisers utilizes PayPal.

Any client charged a quarterly fee in advance will be given a pro-rata refund of fees, if services are terminated prior to the end of the quarter billed.

Fees are calculated on an incremental basis and are subject to change with 30 days written notice. Notwithstanding the above, based upon pre-existing relationships, assets under management and other factor relevant to an engagement, the actual fees charged can be less than those set out above.

Either party can terminate at any time by giving thirty (30) days prior written notice of such termination to the other party. If the Account is to be liquidated as the result of a termination notice, the parties understand that the process of liquidation can take up to five (5) trading days following the date RIA Advisors received the liquidation request.

Transaction Costs: Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients generally incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.



The above fee schedule includes RIA Advisors' held-away account services through the FeeX online platform for direct management of 401ks, 403bs, 529 plans, and other assets for which RIA Advisors does not have custody and are held at custodians other than Schwab. Fees are based on the assets within these accounts according to the valuation of the accounts at the close of the quarter as valued by the account custodian. RIA Advisors strongly encourages Client to confirm the market values for accuracy against Client's custodian statements.

### **ERISA 3(21) Fees**

The standard fee schedules for the Non-Discretionary 3(21) Fiduciary Services program is as follows:

<b>Net Asset Value</b>	<b>Annualized Fee</b>
0-\$500,000	.75%
\$500,001-\$1,000,000	.65%
\$1,000,001-\$2,000,000	.55%
\$2,000,001-\$3,000,000	.45%
\$3,000,001 and Over	negotiable

### **ERISA 3(38) Fees**

The standard fee schedules for the Discretionary 3(38) Fiduciary Services program is as follows:

<b>Beginning Value</b>	<b>Ending Value</b>	<b>Annualized Fee</b>
\$0.00	\$10,000,000.00	0.75%
\$10,000,001.00	\$20,000,000.00	0.70%
\$20,000,001.00	\$30,000,000.00	0.65%
\$30,000,001.00	\$40,000,000.00	0.60%
\$40,000,001.00	\$50,000,000.00	0.55%
\$50,000,001.00	\$60,000,000.00	0.50%
\$60,000,001.00	Or Higher	Negotiated Fee

You may also incur fees related to your use of outside service providers including third-party administrators and record keepers. The fee schedule for each outside service provider varies dramatically from service provider to service provider. The service provider's fees will also vary from plan to plan as each plan's structure and characteristics are different from the next.

We believe our services help plan sponsors and plan fiduciaries meet their fiduciary duty to the plan and its participants. As a part of our services, we review the fees of service

providers and the transparency of their fees. We will assist the plan sponsors with a review of service providers including the third-party administrator, daily record keeper, and custodian to ensure that their services, along with ours, remain competitive to alternatives that are available.

### **Robo-Advisory Portfolio Management Services Fees**

RIA Advisors provides robo-advisory portfolio management services via an online interface.

<b>Total Assets</b>	<b>Annual Fee</b>
\$10,000 - \$250,000	0.75%
\$250,001 - \$500,000	0.65%
\$500,001 - \$10,000,000	0.50%
\$10,000,001 and Up	0.30%

These fees are non-negotiable. Lower fees for comparable services may be available from other sources.

The balance in the client's account on the last day of the prior billing period is used to determine the market value of the assets upon which the advisory fee is based.

Clients may terminate the agreement without penalty, for full refund of RIA Advisors' fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract with thirty days' written notice.

### **Payment of Robo-Advisory Portfolio Management Fees**

Robo-advisory portfolio management fees are withdrawn directly from the client's accounts with client's written authorization. Fees are paid monthly in advance.

### **Financial Planning**

The total fee for financial planning will be \$500 paid in advance.

The Financial Planning Agreement will cover the next 6 months from the date signature. After 6 months an hourly consulting fee of \$ 350.00 will be assessed.

### **Plan Services**

RIA Advisors' compensation for managing the Account shall be at the percentage per annum of the "Net Asset Value" (defined below) of the Account as follows:

<b>Net Asset Value</b>	<b>Annualized Fee</b>
------------------------	-----------------------

\$0-\$500,000	0.75%
\$500,001-\$1,000,000	0.65%
\$1,000,001-\$2,000,000	0.55%
\$2,000,000-\$3,000,000	0.45%
\$3,000,001 and over	Negotiable

The Adviser reserves the right to negotiate all fees for all services at its discretion based on prior relationships, nature of service provided, etc.

## **ITEM 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

RIA Advisors does not charge performance-based fees and does not engage in side by side management.

## **ITEM 7 - TYPES OF CLIENTS**

RIA Advisors provides advisory services to individuals, high net worth individuals, charitable organizations and to small businesses, such as sole proprietorships, partnerships, and small corporations.

Additionally, the Adviser provides investment advisory services to the following types of clients:

- Tax-qualified retirement plans (both defined benefit and defined contribution) that are intended to receive favorable tax-treatment under section 401(a) or 403(b) of the IRC
- Non-qualified executive deferred compensation plans
- Other types of retirement plan types as may be introduced to the Programs.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

RIA Advisors will rely on standard industry methods of analysis. This includes fundamental analysis, which seeks to buy investments that have a correlated reward to risk potential. It also includes technical analysis, which looks for pricing patterns that indicate potentially advantageous times to buy or sell securities. Our analysis can encompass value investing, which seeks to buy securities that are priced lower than the financial data underlying the securities indicate is their actual worth.

RIA Advisors will use business-oriented media sources and other publicly available sources of information to gather information on securities.

Investment strategies will be based on client needs. RIA Advisors can formulate strategies for clients desiring growth of the investments, current income, tax advantages, or preservation of their assets.

**Robo-advisory services** use algorithms as the basis of the management process. Risks of this approach include, but are not limited to, that the algorithm might rebalance client accounts without regard to market conditions, that the accounts may be automatically rebalances on a more frequent basis or a less frequent basis than the client might expect, and that the algorithm may not address prolonged changes in market conditions. Additionally, clients should be aware that responses to the adviser's suitability questionnaire are typically the sole basis for the portfolio's allocation.

All investments involve risk of loss. RIA Advisors will always attempt to manage the risk of loss and avoid permanent declines or reduction in value of the clients' original investment, but there is no guarantee that any investment strategy used will not result in loss of some or all of the investment. Investing in securities involves risk of loss that clients should be prepared to bear.

## **ITEM 9 - DISCIPLINARY INFORMATION**

RIA Advisors does not have any disciplinary items to disclose to our customers.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

RIA Advisors is affiliated by common ownership with a firm that offers insurance products to RIA Advisors customers and other persons. The affiliated company is Alora Consulting, LLC and offers general lines of Life, Health, Accident, Property, and Casualty Insurance.

All Investment Adviser Representatives of RIA Advisors are also insurance agents with Alora Consulting, LLC. To the extent insurance products are purchased through our advisors by advisory clients, our advisors will be paid a commission. This creates a conflict of interest as there is an incentive for Mr., Mack to recommend insurance products based on the compensation received, rather than on the client's needs. Notwithstanding such conflict of interest, RIA Advisors manages this conflict of interest by monitoring the suitability of such insurance products as a portion of the client's investment needs, by utilizing insurance products only where it is in the client's best interest, and after consultation with the client regarding the insurance products, which consultation includes the disclosure of such potential conflicts in accordance with our fiduciary duty as the client's adviser.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION IN CLIENTS**

## **TRANSACTIONS AND PERSONAL TRADING**

RIA Advisors has prepared a firm wide Code of Ethics for our investment professionals; the Code emphasizes the obligations of our firm and its employees to act in the best interests of our clients in providing investment advice. The Code of Ethics also specifies conduct prohibited by RIA Advisors. Violations of the Code are cause for disciplinary action. The Code also requires vigorous enforcement of the Code. A full and complete copy of the Code of Ethics will be provided to our clients and to prospective clients on their request.

RIA Advisors will not normally participate in client transactions. The investments that we recommend will normally be:

- mutual funds or ETF's operated by unrelated fund managers;
- widely traded equities or bonds;
- money market funds; or
- other broadly traded investments in which RIA Advisors or its affiliates have no financial interest.

Recommending that a client invest in an entity that an RIA Advisors employee has a material (more than 1%) interest will be absolutely prohibited.

There can be rare circumstances in which a cross agency trade happens (this is where one customer buys or sells a security that another customer owns or is acquiring); any cross-agency trades will be executed by the clearing firm or other custodial entity and take place at prevailing market prices. RIA Advisors will be limited in any potential cross agency trading involving customer securities.

RIA Advisors employee trading will be monitored and recorded. Our Code of Ethics prohibits trading ahead of a customer order or using any other scheme to obtain a better price on securities than the price a customer would pay when we have a customer ratification of an order in hand.

### **ERISA Conflicts of Interest**

We act in a fiduciary capacity as required by SEC and state Regulations. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We also adhere to the fiduciary standards of ERISA for all ERISA accounts. We adhere to the Impartial Conduct Standards which includes the "best interest" standard, reasonable compensation and no misrepresentation of information. We have policies and procedures in place to monitor our adherence to our fiduciary obligation. We strive to do what is in the best interests of all the accounts we advise.

## **ITEM 12 - BROKERAGE PRACTICES**

RIA Advisors has custodial and trade execution arrangements in place with unaffiliated firms; including TD Ameritrade and Fidelity (collectively referred to herein sometimes as “Custodians”). RIA Advisors does not receive any special compensation or other economic benefit from advisory clients using any of Custodians with whom we have arrangements.

RIA Advisors can suggest which Custodian the client should use at the beginning of the advisory relationship, but the decision for which broker to execute trades and act as custodian of assets rests with the client.

Aggregation of orders. The client assets under direct management of RIA Advisors are managed in accordance with a specific strategy and customized for each individual client. It can be advantageous if RIA Advisors aggregates orders for purchases or sales of securities. If that is done, all clients would receive the same price, typically an average price, on the securities purchased in an aggregate order.

As it relates to ERISA Plan business, the Adviser’s model does not involve transactional business and, consequently, the Adviser does not currently engage brokers in any transactional capacity.

### **Best Execution**

As a fiduciary, RIA Advisors must seek best execution for client transactions, which includes consideration of a client’s total costs or proceeds and the quality of broker-dealer services. Ultimately the determinative factor in our best execution analysis is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution for the managed account.

To address its best execution obligation, RIA Advisors (i) maintains best execution policies and procedures designed to address our current business; (ii) monitors qualitative factors related to our Custodians, including execution capability, financial responsibility and responsiveness the execution performance; and (iii) conducts ongoing due diligence of the Custodians execution to verify that that prices received were favorable under prevailing market conditions.

Additionally, with respect to mutual funds, the duty to seek the most favorable terms reasonably available under the circumstances gives rise to the recognition by RIA Advisors that the management of overall investment expenses requires a balance between choosing the most appropriate share class investment for a client portfolio that offers no loads, transaction fees or commissions and using a vehicle with a low annual expense ratio. However, in managing the client portfolio assets, RIA Advisors will balance the benefits of investing in mutual funds that are considered “no-load, no transaction fee” at the Custodian, as opposed to using a fund with a transaction fee or commission, but which carries a much lower annual operating expense ratio.

### **Trading**

The Adviser does not trade in individual Plan participant accounts.

## **ITEM 13 - REVIEW OF ACCOUNTS**

It is RIA Advisors policy to formally review each customer account at least once a year and, in most cases, the review will be done each quarter. RIA Advisors will review for investment performance, conformance with the clients' portfolio model, and accuracy of charges assessed to the client. Clients will generally receive monthly reports from the custodian detailing their individual assets and all activity in the client's account, unless the client requests a more frequent basis. Some less active accounts receive quarterly reports from the custodian.

Any items needing follow-up will be documented and brought to the attention of the customer, if necessary. RIA Advisors customers may request an account review at any time.

Reviews will be done by Connie Mack, Managing Member and CCO.

Robo-advisory portfolio management accounts are reviewed by RIA Advisors, save for automated allocation revisions. Clients are encouraged to update their account with any change in their objectives, risk tolerance, or other pertinent information, as that information factors into the portfolio's composition. Robo-advisory portfolio management accounts do undergo non-periodic review by RIA Advisors, although allocations may change based on material market, economic, or political events and/or changes to the client's profile in accordance with RIA Advisors' automated portfolio management. Robo-advisory portfolio management clients will receive at least monthly a written report that details the client's account including assets held and asset value, which report will come from the custodian and at least monthly a written report from RIA Advisors.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

RIA Advisors receives compensation from CPA firm to which it directs clients.

In the future, RIA Advisors may receive some soft dollar compensation from our custodial brokers, but we do not receive such compensation at this time. "Soft Dollars" are services or price breaks that RIA Advisors would get from brokers for keeping our accounts with them or trading through their firm. The soft dollars can take the form of reduced ticket charges, which can be advantageous to our customers (depending on how we price their trading charges) or being given research, software, or equipment that we would normally pay for; these goods and services generally do not provide any direct or indirect benefit to our customers.

If we do receive soft dollars, the impact to the customer may be subtle. The main problem with this arrangement is the potential for soft dollars to influence our choice in brokerage firms and the firm that we use not being the best value for order execution, service, or soundness when compared to other brokerage firms. We will disclose to our customers

any services or goods given to us by any 3<sup>rd</sup> party; this includes soft dollar arrangements.

## **ITEM 15 – CUSTODY**

RIA Advisors does not custody any of our clients' assets. All client assets, in direct management situations, will be held at Fidelity, TD Ameritrade, or other qualified custodians with whom we have such arrangements, if the client accepts our recommendation to use brokers with whom we have an existing business arrangement.

If the client does not accept RIA Advisors' recommendation for a broker, the client will be advised to select their own custodial broker with whom to place their account. The client will also be told that in this case, they will have the responsibility for executing any investment advice; in other words, the client will need to place buy or sell orders with their own broker to receive the full benefit of our investment advice.

Any requests for fund withdrawals must be directed to the broker holding the client's funds.

RIA Advisors does not bill clients more than \$1200.00 and 6 months in advance.

## **ERISA**

If authorized by the Plan Sponsor, the Adviser has the ability to debit fees directly from the Plan Sponsor's bank account through the submission of a billing file to the plan custodian, however, the Adviser does not have authority to possess or take actual custody of clients' funds or securities. Plan Sponsors and plan participants should receive at least quarterly statements from the recordkeeper, and Plan Sponsors and participants should carefully review such statements.

## **ITEM 16 - INVESTMENT DISCRETION**

RIA Advisors normally manages client accounts on a discretionary basis. Clients can request that the account be managed on a non-discretionary basis, but due to market conditions, this can impair RIA Advisors' ability to make rapid changes in a customer's account should market conditions warrant quick changes of allocations and investments. All accounts, whether they are managed with discretion or without, are frequently reviewed for performance, compliance with the investment plan, and adherence to any special instructions given to us by the account owner.

## **ERISA**

As further described in Item 4 above, under 3(21) Fiduciary Services, the Adviser exercises limited discretion over Plan assets in that it makes investment recommendations to Plan Sponsors, but the Plan Sponsor may or may not implement the recommendation(s).



In performing discretionary management services, the Adviser is acting as an “investment manager” (as that term is defined in Section 3(38) of ERISA) and as a fiduciary to the Plan and shall act *with* the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

## **ITEM 17 - VOTING CLIENT SECURITIES**

RIA Advisors does not vote proxies and or provide any advice or inducement to clients on any proxy vote. For clients with accounts that are directly managed by RIA Advisors, client equity securities will be held at another custodial institution. Our clients will have a brokerage account at the other institution that will forward proxies to clients or vote proxies in accordance with rules covering voting of proxies for securities not held in street name.

## **ITEM 18 - FINANCIAL INFORMATION**

We are required to provide you with certain financial information or disclosures about financial condition which would impede our ability to provide the advisory services described herein. RIA Advisors has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.