

**Creative Financial Designs, Inc.**

Form ADV Part 2A  
Disclosure Brochure

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**This brochure provides information about the qualifications and business practices of Creative Financial Designs, Inc. If you have any questions about the contents of this brochure, please contact us at 765.453.9600 and/or [www.creativefinancialdesigns.com](http://www.creativefinancialdesigns.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.**

**Creative Financial Designs, Inc. is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training.**

**Additional information about Creative Financial Designs, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). (CRD# 109032/SEC#: 801-60153)**

## ITEM 2: MATERIAL CHANGES

The Material Changes section of this Brochure will be updated annually, or as information herein becomes materially inaccurate. The following information consists of the material changes made by the firm since its last updating amendment, which was dated October 21, 2020.

- Update to ITEM 4 of this Brochure to add and remove certain investment strategies. With respect to its managed brokerage account platform, the firm added certain investment strategies (Best in Class, Five Tool, Global, Large Cap Growth, and Large Cap Value) and removed certain strategies (Biblical Faith Values - Individual Equities and Sector Cycle). With respect to the firm's Self-Directed Retirement Account platform, the firm combined the two strategies (active and passive) into one Self-Directed Retirement Account investment strategy. With respect to the Variable Annuity Management, the firm terminated the Medallion Investment Strategy.
- Update to ITEM 5 of this Brochure to discuss fee options relating to financial planning, in general, and to reduce the maximum fee for Variable Annuity management.
- Update to ITEM 12 and ITEM 14 of this Brochure to discuss compensation from non-affiliated third parties, and to discuss solicitation arrangements of the firm.

Clients may request a complete copy of our ADV Brochure and supplements by reaching out to the firm by phone (765-453-9600) or by email ([managedaccounts@creativefinancialdesigns.com](mailto:managedaccounts@creativefinancialdesigns.com)). The firm will provide you with a new brochure at any time without charge.

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## **ITEM 4: ADVISORY BUSINESS**

### **Firm Description**

Creative Financial Designs, Inc. (hereinafter, “the firm” or “Creative”) is a corporation formed according to the laws of the State of Indiana and an investment advisor firm registered with the SEC in 1982. The firm provides a variety of services through its investment adviser representatives. Creative is a privately owned SEC-registered investment advisor.

### **Ownership**

Creative is privately owned by several parties, including Brent Owens Family Trust, which owns approximately twenty-five percent, and the Mick Owens Family Trust, which owns approximately fifty-four percent. The current trustee of the Brent Owens Family Trust is Brent Owens, who is also the President of the firm and who also serves as an Investment Adviser Representative of Creative. The current trustees of the Mick Owens Family Trust are Mick Owens and Kathy Owens. Mick Owens is the founder of Creative and serves as an Investment Adviser Representative of Creative.

The Mick Owens Family Trust, whose beneficial owners are Mick Owens and Kathy Owens, and the Brent Owens Family Trust, whose beneficial owner is Brent Owens, are also significant stockholders of a related company, cfd Investments, Inc., an SEC-registered broker/dealer and member of FINRA and SIPC. (See Item 10: Other Financial Industry Activities and Affiliations).

Mick Owens is also the principal owner of several other companies founded to complement the comprehensive financial planning and investment management services of Creative. Those companies include cfd Realty [owned by Mick’s wife, Kathy Owens], and cfd Insurance Planners [a life and health insurance agency].

### **Amount of Assets Managed By Our Firm**

As of the fiscal year ending December 31, 2020, the amount of client assets the firm managed totaled \$1,447,771,483. Of that total, \$1,445,440,830 was managed on a discretionary basis and \$2,330,653 was on a non-discretionary basis.

### **Investment Advisory Services Provided**

Creative offers discretionary management and non-discretionary investment and insurance advisory services and financial planning and consulting services.

## **Managed & Advisory Account Services**

The firm's management & advisory services are comprised of three distinct service platforms: Brokerage Management, Self-Directed Retirement Management, and Variable Annuity Management. Brokerage Management is also divided into In-House Brokerage Management and Adviser Discretionary Management. The firm also provides non-discretionary advisory services under limited circumstances.

### **Brokerage Management**

#### **Descriptions and Account Minimums**

Under the In-House Brokerage Management platform, the firm manages a client's brokerage account according to the client's selections of the investment strategy and any allowable portfolio objective, which is selected by the client connected to information provided to the firm by the client, including, without limitation, a client's risk tolerance, time horizon, investment goals, and general financial information. Client assets are invested based on the client's selected investment strategy in securities such as, common and/or preferred stocks, bonds, other fixed income securities, mutual funds, exchange-traded funds, options on any of the foregoing, certificates of deposit and money market funds or other cash-like investments.

The firm primarily uses and has developed asset-class model allocations based on research with other professional management models such as Morningstar (formerly Ibbotson), JP Morgan, Goldman Sachs, Blackrock, Northern Trust, etc. Our models generally fall into five categories based on perceived risk: Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive, referred to as Portfolio Objectives. Available investments are categorized according to the model guidelines and overall asset allocation is determined taking those categorizations, and investment and portfolio research into effect, in arriving at the respective model portfolio allocations. The Large Cap Growth, Large Cap Value and Global investment strategies are focused on one asset-class and not diversified across all asset classes. The client can select from several "investment strategies". They are as follows:

- American Funds Focused  
-minimum \$25k account size
- Best in Class  
-minimum \$10k account size
- Biblical Faith Values -- CFD4  
-minimum \$10k account size
- Biblical Faith Values Combination  
-minimum \$25k account size

- Biblical Faith Values Funds  
-minimum \$25k account size
- Biblical Faith Values Inspire Focused  
-minimum \$25k account size
- Biblical Faith Values Timothy Focused  
-minimum \$25k account size
- CFD4  
-minimum \$10k account size
- Combination  
-minimum \$25k account size
- Exchange Traded Funds  
-minimum \$25k account size
- Five Tool  
-minimum \$25k account size
- Fundamental Opportunities  
-minimum \$25k account size
- Funds  
-minimum \$25k account size
- Income Strategy  
-minimum \$100k account size
- Tax-Wise  
-minimum \$100k account size

For management that does not utilize a model portfolio based on Creative's traditional asset allocation models, the following option is available:

- Global  
-minimum \$25k account size
- Large Cap Growth  
-minimum \$25k account size
- Large Cap Value  
-minimum \$25k account size



Creative also provides, from time to time, customized managed account services whereby management & advisory services are provided apart from the strategies described above. These are permitted and approved by Creative's Management Team on a case-by-case basis.

For all the previously mentioned investment strategies, client accounts must be established with a registered broker/dealer. These services are available through accounts established at cfd Investments, Inc. through FCCS (Fidelity Custody and Clearing Solutions) a/k/a NFS (National Financial Services). These services are also available through accounts established at TD Ameritrade, Fidelity, or such other broker/dealer as selected by the client and approved by the management of Creative Financial Designs, Inc. Please note that TD Ameritrade is wholly owned by Schwab, which is an unaffiliated broker/dealer. Please note that the charges and fees applied by the broker/dealer relating to account maintenance and services are not generally described herein, and clients are encouraged to review statements and related information carefully to determine other fees or charges that apply and that are assessed by their broker/dealer and/or associated clearing firms.

To the extent that cfd investments is selected as the client's broker/dealer, cfd Investments, Inc. will receive compensation for services provided, and such compensation shall be distinct from the advisory fees described herein. This compensation can include, without limitation, transaction-based compensation, asset-based compensation, compensation based on other services provided by cfd Investments and/or FCCS, revenue share arrangements, and other compensation, including 12b-1 fees. In conjunction with Creative, cfd Investments, has prepared a Reg Best-Interest Disclosure that identifies material conflicts of interest relating to its practice. The Reg BI Disclosure is also considered a disclosure of Creative, and is meant to augment and further clarify this Form ADV2a.

To the extent that funds can be deposited into cash equivalents, such funds will be deposited through use of the FDIC sweep program or similar type vehicles. Discussion about the details of that can be found on the firm's website ([www.creativefinancialdesigns.com](http://www.creativefinancialdesigns.com)). Cfd Investments will receive compensation for FDIC insured deposits through the program, subject to the terms and conditions of the program. For funds utilized through the program, neither cfd Investments nor Creative selects the banks that will be utilized for the program. Clients may request that funds be deposited into money market funds instead of the FDIC sweep program.

If a client's managed brokerage account falls below the account minimum, the firm reserves the authority to change the chosen strategy to one that is more conducive to the management of assets at that level, or to discontinue management in its entirety (e.g. client had \$80k in the combination strategy, and then withdrew \$65k from the account. Creative could move the assets to the CFD4 strategy or some

other suitable strategy or terminate management on the account). Creative reviews accounts for adherence to the account minimum requirements at the end of each calendar year or as distributions happen, or at such other time as Creative may desire. Upon review, Creative will make strategy changes accordingly. Clients can choose to change their strategies at any time, by providing written notice to Creative, as long as the client's investment in the strategy meets the stated minimums for the strategy selected.

### **Adviser Discretionary Management**

Under the Brokerage Management Platform, approved investment adviser representatives may manage client accounts directly, and may do so based on consultation with the client as to their needs and objectives. Portfolios are managed by the investment adviser representative in accordance with the firm's policies and guidelines, and consistent with the client's investment objectives and risk profile. The descriptions of strategies and trading in this FORM ADV do not describe each investment adviser representative's individual trading and management style.

### **Client Limitations on Investments**

Unaffiliated custodians hold all client securities with Creative. (By way of clarification, assets maintained in accounts with cfd Investments, Inc., an affiliate of Designs, are maintained at custodians that are not affiliated with Creative or cfd Investments, Inc.) Securities are held in the client's name, or the name of the applicable custodian or trust, in the case of qualified accounts. Clients can select the custodian that they use for the establishment of an account, subject to limitations imposed by Creative. The choice of custodian will affect what investment options are available to a client, and may also affect the costs associated with a particular investment. Creative does not guarantee that the lowest share classes will be available on each custodial platform utilized by Creative. Additionally, there are costs that are paid by customers in connection with their selection of a custodian, and those costs vary between and among custodians. Services also differ between and among custodians. Clients are responsible for all fees and expenses charged by the custodian regarding their investment holdings. For a list of fees and expenses, refer to information created by the respective custodians.

Clients may request to place reasonable restrictions on certain aspects of the management of their accounts. For instance, clients may elect to retain certain securities in their managed account and not have those assets be subject to sale in the course of Creative's management of the account. Clients may also elect, in some circumstances, to have capital gains "distributed" to be taken over a specified period of time. Creative reserves the right to charge its management fee inclusive of such assets because of the additional work and considerations that must be afforded in accommodating such client-imposed restrictions. The client

can move any of the said assets to another non-managed account if desired to avoid additional fees. Creative may, at times, allow additional special requests of the client regarding the management of the client's account.

### **American Funds Focused -- Description**

The American Funds Focused investment strategy is a diversified strategy focusing on the use of American Funds mutual funds as the base of the diversified portfolio. The strategy also uses ETF's and potentially other mutual funds to fill in the completed allocation helping fully diversify and add additional asset classes that American Funds may lack or that the management team feels is better to use in place of an American Funds mutual fund. This strategy likely has additional investment risk with the higher concentration in one fund family. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

### **Best in Class – Description**

The Best in Class investment strategy is a diversified strategy focusing on the use of ETF's and likely few mutual funds and individual stocks as the base of the diversified portfolio. The strategy uses US News investment research to help determine the best investment choices for each portfolio. The addition of using a limited number of individual stocks, likely increases the overall portfolio risks. The use of Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

The Best in Class strategy monitors non-qualified account trading differently than qualified accounts. The team analyzes trading more extensively in non-qualified accounts to potentially reduce taxable gains. This means that qualified accounts and non-qualified accounts may have different allocations and trading. Also, for smaller accounts (under \$25,000) in Best in Class strategy, different holdings may be utilized and thus the allocations within larger accounts and smaller accounts may differ.

### **Biblical Faith Values – CFD4 – Description**

Under the Biblical Faith Values investment strategy, Creative utilizes certain, independent third-party asset screening programs and communicates with fund companies in order to limit investments in companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investments in companies that engage in or participate in or support industries or

lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any and all companies that could be excluded based on the criteria above, however, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Biblical Faith Values – CFD4 investment strategy attempts to invest in accordance with the Biblical Faith Values limitations described above, and to create a likely simpler diversified portfolio based on mutual fund & ETF positions. This strategy likely uses up to four asset classes (may be less or more given the portfolio objective selected) and holding perhaps as few as four investments, however, the firm's Management reserves the right to increase and decrease each, as it sees fit. Additional portfolio risk in this strategy occurs with less diversification and this strategy can be more volatile than other further diversified strategies. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are loosely modeled after Creative Financial Designs' overall diversified asset class models.

### **Biblical Faith Values – Combination -- Description**

Under this Biblical Faith Values investment strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. We generally endeavor to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered contrary to Biblical standards.

Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Biblical Faith Values – Combination investment strategy attempts to invest in accordance with the Biblical Faith Values limitations described above, and to

create a diversified portfolio based on a combination of mutual funds, ETF's, and individual equity positions. From time to time, not all of these categories will be reflected in the portfolio. The firm's management reserves the right to use or not use at any given time of the three before mentioned investment vehicles. The addition of using a limited number of individual stocks, likely increases the overall portfolio risks. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

### **Biblical Faith Values – Funds – Description**

Under the Biblical Faith Values investment strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Biblical Faith Values – Funds investment strategy attempts to invest in accordance with the Biblical Faith Values limitations described above, and to create a diversified portfolio based on mutual funds & ETF positions. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

### **Biblical Faith Values – Inspire Focused -- Description**

Under the Biblical Faith Values investment strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in the stock of companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or

participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Inspire Focused investment strategy is centered on using the Inspire companies' ETF's. Inspire has several index ETF's (with plans to increase their ETF offerings) that attempt to filter Biblically. The Inspire ETF's will typically be a sizeable portion of the portfolio and Creative's Management Team uses other mutual funds and possibly ETF's also filtered to make up the entire portfolio allocation to maximize diversification. The Inspire Focused investment strategy will have additional market risks in that the ETF's are not always highly traded and thus have less volume as other ETF's might have. This strategy likely has additional investment risk with the higher concentration in one fund family. This creates additional risk when buying and selling these ETF's in larger amounts. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

### **Biblical Faith Values – Timothy Focused -- Description**

Under the Biblical Faith Values investment strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in the stock of companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Timothy Focused investment strategy is centered on using the Timothy Plan Mutual Funds and ETF's. The portfolios in this strategy will likely include a larger amount of Timothy investments along with other ETF's and/or mutual funds also filtered to make up the entire portfolio allocation to help further diversify portfolios. Timothy investments, especially the ETF's, will have additional market risks in that the ETF's are not always highly traded and thus have less volume as other ETF's might have. This creates additional risk when buying and selling these ETF's in larger amounts. This strategy likely has additional investment risk with the higher concentration in one fund family. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

#### **CFD4 -- Description**

The CFD4 brokerage investment strategy uses mutual funds and ETF's likely using as few or fewer than four asset classes (may be less or more given the portfolio objective selected) and holding perhaps as few as four investments. Creative's Management reserves the right to increase and decrease each however. Additional portfolio risk in this strategy occurs with less diversification and this strategy can be more volatile than other further diversified strategies. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are loosely modeled after Creative Financial Designs' overall diversified asset class models.

#### **Combination -- Description**

The Combination investment strategy focuses on maximum diversification by using a combination of mutual funds, ETF's, and individual equities to build the investment portfolios. From time to time, not all of these categories will be reflected in the portfolio. Creative's Management Team selects the investments from the said categories based on their research. The firm's management reserves the right to use or not use at any given time of the three before mentioned investment vehicles. The addition of using a limited number of individual stocks, likely increases the overall portfolio risks. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

#### **Exchange Traded Funds (ETF) – Description**

The ETF investment strategy is focused on using Exchange Traded Funds to allocate within the given investment portfolios. Creative Investment Team may add mutual funds to complete the allocation if asset classes are not available or

do not meet the Team's requirements. ETF's are normally a passive investment holding with potentially lower than average internal expenses compared to actively traded mutual funds. Passive investments have a tendency to track the indexes they are modeled after. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

### **Five Tool – Description**

The Five Tool brokerage investment strategy from Creative Financial Designs, Inc. is designed to give clients a rules-based, well-diversified management option while looking to maximize returns given the selected portfolio objective. This well-diversified strategy likely uses all nine asset-class boxes for portfolio objectives Moderate, Moderate Aggressive, and Aggressive. The strategy will likely use a bit less in the Conservative and Moderately conservative portfolio objectives, however, the goal is to remain very diversified. This strategy uses active mutual funds to fill in the allocations of each portfolio objective with defined rules to help filter for each style box, finding the best mutual fund investment available. The strategy uses such mutual funds that meet a 10-year track record, ranked as a five-star mutual fund according to Morningstar at the time of purchase, Morningstar analyst rated as a gold, silver, or bronze, is highly ranked compared to its appropriate asset class peers, and is lower trending in its internal investment expense compared to other active mutual funds in the same asset-class.

### **Fundamental Opportunities -- Description**

The Fundamental Opportunities investment strategy is focused on using mostly active mutual funds that are available from the respective custodians to allocate within the five available investment portfolios. This strategy relies on macro-economic analysis and forecasting to determine which asset classes, sectors, etc. to over and under-weight in the portfolio. Portfolios are still usually diversified given economic data although at times may not be as diversified as other firm strategies. More active trading can also occur in this strategy depending on market and economic data. Taxable accounts are treated differently in that they are likely traded less than qualified accounts, thus attempting to reduce capital gains especially short-term gains. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and allocations are determined by data analysis.

### **Funds -- Description**

The Funds Investment Strategy is focused on using mutual funds & ETF's that are available from the respective custodians to allocate within the given diversified investment portfolios. Certain ETF's have additional market risks in that they are



not always highly traded and thus have less volume daily. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' other diversified asset class models.

### **Global – Description**

The Global investment strategy uses mutual funds that focus in the international and global asset categories only. The strategy is concentrated in the asset category listed and as a result brings more risk because of such. The strategy is also only available under one objective and that is 100% equities. The strategy does not diversify with fixed income holdings. As a result of the above, the strategy is best fit for clients looking to be aggressive in said asset category or as a secondary investment strategy for the Client's investments.

### **Income Strategy -- Description**

The overall concept of the Income Strategy is to provide a diversified income portfolio solution for clients. These portfolios are focused on generating income with the goal of providing relatively stable yield given most market conditions. The firm offers three options within the Income Strategy: Lite, Core, and Core/Plus. The differences in the three options is only located in the fixed income investments and described below.

In the Lite option, the fixed income portion looks to own short-/ultrashort-duration municipals, CD's, treasuries, money markets and such types of more conservative fixed income holdings. The team looks to ladder such fixed income holdings to diversify across maturities. A small amount of cash will also be held and the potential for a small mutual fund or ETF holding for small residual amounts of investments. Fixed income holdings will vary from account to account.

In the Core option, the fixed income portion looks to own individual corporate and/or municipal bonds to build a portfolio designed to generate income. Bonds initially are rated A or better with a portfolio goal initially of AA rated. Creative's Management Team looks for higher credit quality bonds while also focusing on durations, maturities, diversification across sectors (and if necessary across multiple states for municipals), and of course yield. A small amount of cash will also be held and the potential for a small mutual fund or ETF holding for small residual amounts of investments. The client has the option to select tax-exempt municipal bonds for their account, in order to harvest tax-exempt gains. Bonds will vary from account to account.

In the Core/Plus option, the fixed income portion looks to own individual corporate and/or municipal bonds to build a portfolio designed to generate income. Creative's Management Team looks for higher credit quality bonds, although likely less than the Core option. Bonds initially are rated BBB+ or better

with a portfolio goal of initially A rated. Bonds are selected on durations, maturities, diversification across sectors (and if necessary across multiple states for municipals), and of course yield. A small amount of cash will also be held and the potential for a small mutual fund or ETF holding for small residual amounts of investments. The client has the option to select tax-exempt municipal bonds for their account, in order to harvest tax-exempt gains. Bonds will vary from account to account.

The equity portion of the portfolios (all but the Conservative portfolio, as it does not include equities) are primarily focused on large cap and giant large cap value stocks. Creative uses Bloomberg, ValueLine, Dorsey Wright, and Morningstar (and possibly other resources) to help search, identify, price, rank and determine the diversified equities to use in any given account. The firm's goal is to find price stability using several key matrices such as and not limited to: financial strength, safety ratings, yield, sectors, price points, dividend stability, etc. The number of equity holdings is limited by the account size. Equities may vary from account to account and are diversified through various sectors. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive).

### **Large Cap Growth – Description**

The Large Cap Growth investment strategy uses mutual funds that focus on the large cap growth category only. The strategy is concentrated in the asset category listed and as a result brings more risk because of such. The strategy is also only available under one objective and that is 100% equities. The strategy does not diversify with fixed income holdings. As a result of the above, the strategy is best fit for clients looking to be aggressive in said asset category or as a secondary investment strategy for the client's investments.

### **Large Cap Value – Description**

The Large Cap Growth investment strategy uses mutual funds that focus on the large cap growth category only. The strategy is concentrated in the asset category listed and as a result brings more risk because of such. The strategy is also only available under one objective and that is 100% equities. The strategy does not diversify with fixed income holdings. As a result of the above, the strategy is best fit for clients looking to be aggressive in said asset category or as a secondary investment strategy for the client's investments.

### **Tax-Wise Strategy -- Description**

The Tax-Wise Investment Strategy is available for non-qualified brokerage accounts and primarily uses ETF's and municipal mutual funds, though the firm may also choose to use other investments to build the diversified portfolios. The goal for the strategy is to reduce the amount of taxable income, dividends, and

capital gains for the account. Using ETF's helps Creative use investments that historically allow clients to keep more and reduce the potential amount of capital gains passed through to accounts. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models. Holdings will likely vary from account to account due to client's capital gains concerns.

### **Alternative Investment Rider (AIR) -- Description**

With respect to all of the strategies described in this section, except for certain strategies, such as: BFV CFD4, CFD4, Income Strategy, Tax-Wise, Global, Large Cap Growth, Large Cap Value, Creative makes the Alternative Investment Rider (AIR) available to its clients. Under AIR, a portion of the client's holdings, up to 25% of the portfolio, is invested to be inversely correlated, less correlated, or non-correlated to the traditional stock market. This can be done in a number of ways using ETF's and/or mutual funds.

One option under AIR includes the holding of inverse index funds (either leveraged or non-leveraged) and/or certain non-correlated or less correlated, which are designed to reduce overall portfolio risk.

These AIR options are designed to reduce the overall risk and volatility of the portfolio, but there is no guarantee that this objective will be achieved.

### **Allocate Over Time Option -- Description**

With respect to all of the strategies described in this section, except for BFV CFD4, CFD4, Income Strategy, Global, Large Cap Growth, Large Cap Value. Creative makes the Allocate Over Time option available. If selected by the client, Creative will not likely invest all of the client funds into the selected model portfolio immediately. Instead, Creative will allocate the account slowly, usually over a 4-month to 8-month timeframe, with the intention of investing funds during pullbacks in the markets. During this transition period, the account may not be invested according to the model portfolio, and may have fewer and less-diversified holdings than would be normally the case in the same portfolio.

### **Self-Directed Retirement Management Platform -- Description**

In the Self-Directed Retirement Management platform, Creative's investment management staff manages the assets held in clients' 401k, 403b, 457, or other company retirement plan assets for the individual employee. The Creative Team builds diversified portfolios within the client's available investment options that can be restrictive in types of investments available. Creative likely has no control over the individual investment choices within the plan options and will be limited to such limited options when building a client's portfolio.

The firm has developed asset class based model allocations based on research from other professional management models such as Morningstar (formerly Ibbotson), JP Morgan, Goldman Sachs, Blackrock, Northern Trust, etc. The firm's models generally fall into five categories based on perceived risk: Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive. Available plan investments are categorized according to the Model guidelines, and overall asset allocation is determined taking those categorizations into effect in arriving at the model portfolio allocations.

The Self-Directed Retirement Management Strategy attempts to analyze clients' available investment plan options on a quarterly basis and to perhaps reallocate or rebalance quarterly (or as it sees necessary). Creative uses portfolio management system to review for misallocations or changes needed for an account.

### **Variable Annuity Management Platform -- Description**

Under the Variable Annuity Management platform, Creatives' Management staff will actively manage within the underlying subaccount options of the clients' variable annuity contracts/products. The service is not available with respect to all issuers' variable annuities. Creative likely has no control over the individual investment available within a given variable annuity contract. Portfolios will be built based on the available options and will be limited as a result of the available investment options.

Creative manages the investments to build diversified portfolios within a client's variable contract. Creative has no part in the selection of the product, riders, etc. The firm has developed asset class based model allocations based on research from other professional management models such as Morningstar (formerly Ibbotson), JP Morgan, Goldman Sachs, Blackrock, Northern Trust, etc. The firm's models generally fall into five categories based on perceived risk: Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive. Available investments are categorized according to the model guidelines and overall asset allocation is determined taking those categorizations into effect in arriving at the model portfolio allocations.

Creative takes precautions designed to prevent the benefits of an annuity contract (e.g. income benefits, withdrawal benefits, etc.) from being negatively impacted by the management of the contracts, however, it is up to the client to determine what effects, if any, will apply to a contract based on the management of the contract/product.

Creative can perform management services for a variety of variable annuity contracts, including variable annuity contracts that are commissionable. If a commissionable variable annuity contract that is otherwise available for

management under this program has paid a commission to cfd Investments, Inc. and/or the investment adviser representative associated with the proposed account, Creative will not provide investment management services with respect to the variable annuity contract within two years of the inception date of the applicable contract.

### **Biblical Faith Values Strategy – Variable Annuity -- Description**

Under the Biblical Faith Values investment strategy, Creative utilizes software and asset screening programs of unaffiliated third parties in order to limit investment in the stock of companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered contrary to Biblical standards.

Due to a lack of investments in certain management strategies, it is likely not possible to exclude all investments that violate some of the standards that are described above. Additionally, Variable Annuities have limited sub-accounts, and those sub-accounts can change from time-to-time. These limitations can restrict application of this strategy, and this strategy cannot be effectively carried out for any Variable Annuity that does not have a sufficiently diversified selection of sub-accounts that meet the selection criteria. Due to these limitations, this strategy is only available within the Jefferson National Variable Annuity and such products as the firm selects.

The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this Strategy will attempt to substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

### **Hybrid Strategy -- Description**

Available in only the Jackson National Life Elite variable annuity, unless approved by Creative's Management Team to use with other products, the Hybrid variable annuity investment strategy looks to build a diversified portfolio using both alternative type and historical asset class subaccounts. Five investment objective portfolios are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' other diversified asset class models. Depending on the product and the investment objective chosen, Creative's Management Team determines the amount of each investment type to use, however, focusing on reducing investment portfolio volatility. The goal of the strategy is to reduce the portfolio risk using alternative investments along with

traditional investments; however, there is no guarantee that this objective will be achieved.

### **Non-Discretionary Advisory Services -- Description**

Creative provides non-discretionary advisory services to its clients whereby clients may have variable annuity or insurance accounts. Such non-discretionary investment advice is provided for a fee charged to the client. Fees charged are consistent with the fees charged for discretionary management, as described in more detail herein.

### **Conditions for Managing Accounts**

Creative may make exceptions to the minimum account size requirements in some instances. Those exceptions may be made for a variety of client-specific reasons, which may include, but are not limited to such situations as a client having multiple managed accounts with the firm, an anticipation of the client adding additional assets at a future point in time, or such other circumstances as the firm may deem applicable.

For the managed Self-Directed and Variable Annuity investment management programs, the investment options are limited based on factors beyond the control of Creative Financial Designs, and the management of those accounts is strictly limited to the investment options available under the products being managed.

Further, the fees charged by the firm for the Account is in addition to the fees charged by the underlying investments, product fees, account fees, etc. To the extent that a client intends to hold fund shares for an extended period of time, or purchases no load funds within the Account, it may be more economical for the client to purchase fund shares outside of the Account. Clients are advised that transferring mutual fund shares into the Account will result in an obligation to pay fees such as monthly custodial fees and any annual IRA fees if applicable. Such fee(s) is in addition to any sales charges or commissions paid when the funds were purchased by Client. In addition, no fee adjustments are made during any calendar quarter for appreciation or depreciation in the value of the Account. Additional fee may, however, be assessed if cumulative deposits during a quarter equals or exceeds 10% of account value, and, a refund of fees will occur if a withdrawal equals or exceeds 10% of account value. Clients are advised that they may be able to purchase similar services separately from other service providers and the cost of such services may be more or less than the program fee charged by Creative.

### **Financial Planning Services**

Creative offers financial planning and consulting services. Under this offering, in-depth fact-finding interviews are conducted and clients may elect to receive advice

and/or services on a variety of topics other than securities (e.g. budget analysis, etc.). The purpose of this approach is to address a client's entire financial life, rather than just investments.

Creative provides Comprehensive Financial Planning services. Clients desiring a less comprehensive financial plan can choose to have a "Mini" or "Modular" Plan created for them. It may consist of one or more of the following services: Estate Analysis, Medicaid Planning, Business Financial Plan, Investment Analysis, Tax Analysis, Income Funding Analysis, Insurance Analysis, Retirement Analysis, Accumulation Funding Analysis, Budget Construction/Analysis, Credit Negotiation, and Special Project Work.

Creative may provide advice regarding particular investments and securities, and these may include investments currently owned by the client, or investments that the firm or its Affiliates may have recommended to a client.

The client is under no obligation to effect securities or insurance transactions through Creative's affiliates or related persons if they choose to act on or otherwise implement any recommendations made in either a Comprehensive Financial Plan or other Modular Plan.

#### **ITEM 5: FEES AND COMPENSATION**

Advisory fees are as set forth below with respect to the various programs and services. Fees may be negotiable depending on such factors as, without limitation, special needs or requirements of the client and/or the complexity or simplicity of the work required.

Clients may elect to pay their fees directly to Creative via check and invoice, or may elect to have Creative deduct its fees directly from specified managed accounts when possible, from annuity contracts when possible, or a bank account. Clients may also elect to authorize Creative to charge its fees directly to a client's credit or debit card through PaySimple™. At the client's option, Creative can invoice the client in order for the client to pay bills directly.

Creative does not charge performance-based fees under any advisory program, nor does it share or participate in the gains or losses of client accounts.

The firm shall be paid such compensation for its services, and in such manner, as described below. Until paid, the fees and expenses charged by the firm shall constitute a lien upon the assets of the client's managed account. In the event that additional assets are deposited into a client's managed account during a fee period, the firm may, but is not obligated to charge the client an additional fee in respect of the value of the additional assets, prorated for the number of days remaining in such fee period. In connection with any withdrawal of assets from a client's managed account or upon termination of the client's Investment

Management Agreement, the firm retains the right to complete any transactions initiated or open as of the time thereof and to retain amounts in the client's managed account sufficient to effect such completion and to satisfy any amounts owing by such client to the firm under the client's Investment Management Agreement, however and whenever arising. To the extent permitted by law, cfd Investments, Inc., the affiliated broker/dealer of the firm, receives compensation from the client for services provided to the client's managed account, and the discretionary activities of the firm may affect services provided by and compensation paid to its affiliate. Such compensation includes, without limitation, ticket charges, asset-based pricing fees, custodial fees, or other miscellaneous charges, including revenue share arrangements between cfd Investments, Inc. and applicable custodians. The firm shall consider options that limit such charges, and shall only engage in transactions that involve such charges when it is deemed by the firm that such transactions are in the best interests of the client, in accordance with the firm's fiduciary duty.

More specifically, Clients pay certain fees and charges that are in addition to firm's fees. Such fees and charges include, but are not necessarily limited to:

- Certain dealer-markups and odd-lot differentials, transfer taxes, exchange fees mandated by the Securities Exchange Act of 1934, and any other charges imposed by law with regard to any transactions in the client's account;
- Management and other fees on open-end and closed-end mutual fund shares and UITs;
- Individual Retirement Accounts (IRA) fees and qualified retirement plan account fees;
- Margin interest;
- Custodial fees such as account fees, check reordering costs and fees, and other add-on features with charges;
- Any contingent deferred sales charge assessed by a mutual fund company on the sale or liquidation of a mutual fund;
- Variable Annuity fees and expenses

Further, the annual management fee charged by the firm for the client's account is in addition to the management fees charged by open-end funds, closed-end funds, and ETF's. To the extent that a client intends to hold fund shares for an extended period of time, or purchases no load funds within the client's account, it may be more economical for the client to purchase fund shares outside of the client's account. Clients are advised that transferring mutual fund shares into the client's account will result in an obligation to pay an annual fee based on the value of the funds so held in the client's account, and that such fee(s) is in addition to any sales charges or commissions paid when the funds were purchased by the client. To the extent that the customer is charged 12b-1 fees by a mutual fund issuer based on funds maintained in the account, the firm shall not receive any compensation with respect to such fees, and if practicable, the fees charged will be returned to the client account. Cfd Investments, Inc., if selected as the broker/dealer



associated with the account, shall retain such 12b-1 fees, but only if the custodian cannot return those fees to the client account.

### **Brokerage Management – Custodial Fee at NFS/FCCS.**

For managed brokerage accounts (described in section A.2.a.i of this Brochure) that are maintained at NFS/FCCS, there is a custodial fee charged based on all assets in the client's account. Fees are calculated and charged monthly using the average daily account balance for all assets in the client's account. Accounts have a minimum monthly fee, which covers transaction fees, subject to a maximum number of transactions covered annually from the contract anniversary date. There will be additional ticket charges or fees that will apply if the maximum number of transactions is exceeded in a 12-month period.

Cfd Investments, Inc., an affiliate of firm, will receive a portion of the custodial fee as its compensation related to managed accounts. This compensation is in addition to the advisory fee that is collected and retained by the firm. Additional clearing fees apply to the client's account.

### **Managed Account Services – Fees and Compensation**

#### **Brokerage Management – Fees and Charges**

Under its Brokerage Management platform, Creative charges a fee based on the value of all assets at the end of the calendar quarter and in advance. Fees on these client accounts generally start at 0.50% of the assets under management, and may increase up to a maximum of 2.00% annually. No management fees for brokerage management account services of over 2.00% shall be charged except in the instance where another investment adviser is working with Creative Financial Designs, Inc. with respect to a particular client's account, and the total fee retained by Creative Financial Designs, Inc., less the fee paid to that investment adviser, is equal to or less than 2.00%.

All fees are negotiable.

Brokerage Management services are provided for an annualized management fee which is billed quarterly, in advance and is based on the value of the assets on the final day of the quarter. When an account is opened during the quarter, the fee will be prorated for the portion of the calendar quarter for which management services were provided.

Under other custodians, transaction charges and/or other related fees may apply to an account, in addition to the Creative's management fees. Clients have the option, however, to establish the account through cfd Investments, Inc., an affiliated broker/dealer of Creative, and to establish asset-based pricing, which will involve the payment of an asset-based fee that will cover transaction costs up to

listed number of trades annually by the custodian, statement and mailing costs, and prospectus delivery costs. This option is available through the FCCS platform.

Although not required, it is generally the case that Creative will utilize its affiliated broker/dealer, cfd Investments, Inc., to effect all securities transactions for its clients' managed accounts. The statement of fees and other charges as described above is premised on the idea that the client selects cfd Investments, Inc. and may not apply to accounts held at other broker/dealers or custodians. In those instances, other fees will apply.

In addition to cfd Investments, Inc., Creative uses other broker/dealers including TD Ameritrade and other approved custodians; TD Ameritrade and other approved custodians are a broker/dealer that is not affiliated with Creative.

The advisory fees charged for the management of accounts maintained at TD Ameritrade and other approved custodians are consistent with the advisory fees described above; however, for other fees and expenses, including account opening and maintenance fees, transaction fees, and other assorted fees, clients are directed to materials produced by TD Ameritrade. TD Ameritrade offers custodial and transaction services on a transaction-fee bases or through an asset-based pricing method. The client is free to choose whatever payment methodology they choose for services through TD Ameritrade, and Creative does not receive any special compensation based on the method chosen by the client for the custodial and transaction services.

### **Self-Directed Retirement Management Platform – Fees**

For managed Self-Directed Retirement managed accounts, fees may be assessed on a monthly basis, in arrears, and determined according to the value of the account being managed. Creative will annually adjust the fee according to changes in the account value.

The standard initial billing rate will be determined by the account value at the time the Management Agreement is initiated and will remain in effect for the remainder of the calendar year in which the account is opened, after which, the new monthly rate may be established, and may increase or decrease based upon the account value at that time. The fee will be reevaluated annually, based on the assets as of December 31 of the previous year.

<b>Account Size</b>	<b>Recommended Monthly Fee Rate</b>
\$0 - \$50,000	\$25/month
\$50,000 - \$100,000	\$50/month
\$100,000 - \$200,000	\$75/month
\$200,000 - \$400,000	\$100/month
\$400,000+	\$150/month

Although these are the standard fees, all fees are negotiable.

If your account is on a platform that allows for direct-billing of fees, and you would like to have your fee directly charged to your account, as an alternative to the set monthly fee described above, an asset management fee of up to 1.50% of the assets under management will be charged quarterly, in accordance with the methodologies established by the applicable platform.

### **Variable Annuity Management Platform – Fees**

Under the Variable Annuity Management platform, Creative charges a fee based on the value of the assets in a managed account. Fees on these accounts generally start at 0.50% of the assets under management and may increase up to a maximum of 1.50% annually. Fees are billed based on end of the calendar quarter values and in advance. In certain instances, fees may be charged to the contract, to the client directly, through another managed account if allowed, via a bank or credit card all at the client's option. Charging fees to a contract may negatively affect certain benefits/riders of a given contract, and it is up to the client to determine what effects, if any, the payment method selected by the client will affect the contract/product.

Variable Annuity Management services are provided for an annualized fee that is billed quarterly, in advance and is based on the value of the assets on the final day of the quarter. When an account is opened during the quarter, the fee will be prorated for the portion of the calendar quarter for which management services were provided. The annual rate is fixed when a client opens an account. The rate is identified in the customer's Investment Management Agreement.

All fees are negotiable.

### **Financial Planning Services – Fees and Compensation**

#### **Comprehensive and Modular Financial Planning Services**

Comprehensive Financial Plan fees are based on the client's gross income as reported on their most recent tax return. The total fee is fixed when the client signs the Financial Planning Agreement.

<b>Previous Year's Gross Income Range</b>	<b>Minimum Down Payment</b>	<b>+</b>	<b>Minimum Monthly Amount = Fee</b>
Under \$50,000	\$280		\$35
\$50,000 but under \$75,000	\$380		\$35
\$75,000 but under \$100,000	\$480		\$35

\$100,000 but under \$150,000	\$580	\$35	\$1,000-5,000
\$150,000 but under \$250,000	\$680	\$35	\$1,100-10,000
\$250,000 and above	\$780	\$35	\$1,200-20,000

The down payment is due upon submission of the client's data. The monthly payment is due each month for the following 12 months. If there is a balance due, (the contract price less the down payment and the monthly payments is less than the total fee), then the balance is due 30 days after the written report is completed and made available to the client. Clients may elect to pay the total plan fees all at once instead of monthly.

Clients desiring a "Mini" or "Modular" Plan, including but not limited to the following services, may pay fees ranging as noted below:

<b>Service</b>		<b>Fee Range</b>
1.	Estate Analysis	\$600-20,000
2.	Medicaid Planning	\$200-10,000
3.	Business Financial Plan	\$600-20,000
4.	Investment Analysis	\$300-3,000
5.	Tax Analysis*	\$300-3,000
6.	Income Funding Analysis	\$150-3,000
7.	Insurance Analysis	\$150-3,000
8.	Educational Funding Analysis	\$150-3,000
9.	Retirement Analysis	\$300-3,000
10.	Accumulation Funding Analysis	\$150-3,000
11.	Budget Construction/Analysis	\$300-3,000
12.	Credit Negotiation	\$50/hr. + expenses
13.	Special Project Work	up to \$350/hr.

As a rule, with Modular Planning, the entire fee is due upon delivery of the analysis or service and is generally not refundable.

The client is under no obligation to effect securities or insurance transactions through the firm's affiliates or related persons if they choose to act on or otherwise implement any recommendations made in either a Comprehensive Financial Plan or other Modular Plan.

Comprehensive and Modular Plan Fees are negotiable. The same or similar services can be provided through hourly services or through retainer fee arrangements. The use of comprehensive or modular planning service involves more or less payment than other fee arrangements for the same or similar services.

\* With respect to the Tax Analysis identified above, we provide guidance and expectations about the tax consequences of certain investment decisions, but

Creative Financial Designs does not provide legal or tax advice, and will work with the attorney or accountant of the client about any tax-related recommendations. Additional costs charged by the client's attorney and/or accountant (or by any other additional outside services provider), is the responsibility of the client.

### **ERISA Accounts**

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

### **Other Fee-Paying Services**

Clients may also be charged for resources received from Creative.

### **Hourly Fee**

Client and Creative may agree to elect for an hourly fee arrangement for stated services for the client. These likely specialty services can be billed up to \$350 per hour. Hourly fees are negotiable. The same or similar services can be provided through comprehensive or modular planning services or through retainer fee arrangements. The use of hourly fees for service involves more or less payment than other fee arrangements for the same or similar services.

Hourly fees are paid in arrears, after the service has been provided, and can be charged at various frequencies, including, without limitation, monthly or quarterly.

### **Retainer Fee**

Client and Creative may agree to elect for a retainer fee payment option up to \$2,500 per month, based on the agreed upon services provided for the client. Retainer fees can be charged monthly or quarterly, and they are charged in arrears. Creative will provide the services for such fee until the client or the firm terminates the relationship.

Retainer fees are negotiable. The same or similar services can be provided through comprehensive or modular planning services or through hourly fee

arrangements. The use of retainer fees for service involves more or less payment than other fee arrangements for the same or similar services.

### **Termination Provisions**

Termination of advisory services can be accomplished by written notice from one party to another. Under the Managed Brokerage account and Variable Annuity platforms, Creative will return to client any unearned pre-paid advisory fees upon receipt of termination notice.

With respect to financial planning services, either party upon written notice may terminate the Financial Planning Agreement. If, before the total fee has been paid, the client is not satisfied and the plan cannot be modified, then one-half of the total fee that has been collected will be refunded. If, after payment in full, the client is not satisfied and the plan cannot be modified, then 50% of the total fee will be refunded. Any claim for refund of a financial plan fee must be made within sixty days of delivery of the completed plan to the client.

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

The firm and your representative do not accept performance-based fees for investment management services.

The firm does not provide side-by-side management of mutual funds and other assets.

### **ITEM 7: TYPES OF CLIENTS**

Creative provides advisory services to retail and institutional customers, individuals, including high net worth individuals and business entities, such as charitable organizations, as well as to employer retirement and pension plans. For account minimums, see the Overview of Advisory Business and look to the particular service.

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

For Managed Accounts, Creative, with the use of independent software, proprietary programs, internet programs, research, and tools that seek to match the client investment goals, objectives and risk tolerance to the client selected management portfolio, and then within each portfolio, the appropriate strategy, as selected by the client. Categorizations of assets are made using the Morningstar software, when possible. Appropriate adjustments to the overall model portfolios are determined by Creative's Investment Committee, and are based upon the committee members' assessments and views of then-current or future forecasted

market and industry circumstances, in addition to other variables such as economic, demographic and geo-political events both in the U.S. and globally.

With respect to financial planning activities, Creative utilizes several professional planning software programs, depending upon the client needs and desired scope of services.

With all investments and investment strategies there is a risk of loss of investment principal, and no guarantees are or can be made that any particular investment, investment plan or strategy will fulfill its objective or prove to be profitable.

### **Education, Business Standards of Persons Giving or Determining Advice**

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. Creative, through its investment adviser representatives, will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each client should understand be willing to bear. Clients are reminded to discuss these risks with their investment advisor representative.

With respect to Adviser Discretionary Management accounts, approved Investment Adviser Representatives can provide management for clients directly, and must follow the guidelines established by Creative Financial Designs.

With respect to all other management, Creative utilizes an Investment Committee in determining the general strategies employed in the delivery of investment advice provided to clients. Individualized advice is determined by members of the Financial Planning Department and/or appropriately qualified and Investment Advisers, within the parameters approved by the Investment Committee. The professionals in the Investment Management Department determine specific strategic determinations for actively managed accounts.

Biographies of the Investment Committee members are set forth below:

Brent A. Owens, born in 1969, graduated from Indiana Wesleyan University with a B.S. in Business Administration in 1992. He is a General Securities Principal and a Financial Operations Principal. He has passed the following FINRA/state-regulatory qualifying examinations: Series 7, Series 24, Series 27, Series 63 and Series 65. He is an active member of the Financial Services Institute and the National Association of Insurance and Financial Advisers. Mr. Owens has been President of the firm and cfd Investments, Inc. (a registered broker/dealer) since 1997. From 1992 to 1997, Owens served both the firm and cfd Investments, Inc. in various capacities, including plan writing and investment management of the firm's managed accounts.

Kregg J. Rooze, born in 1974, graduated from Purdue University with a B.S. in Financial Counseling and Planning and Consumer Affairs in 1998. He is a General Securities Principal and Vice President of the firm. He has passed the following FINRA/state-regulatory qualifying examinations: Series 7, Series 24, and Series 63. He began working for firm in 1997. His experience includes plan writing, but, since 1999, Rooze served as the Managed Account Director of the firm.

Daniel K. Hale, born in 1972, graduated from the University of North Carolina - Pembroke in 1995 with a B.S. in Business Administration. He also has an Associate's Degree in Accounting from Garden City Community College. He is a General Securities Principal and an Options Principal, as well as Vice President of cfd Investments, Inc. He has passed the following FINRA/state-regulatory qualifying examinations: Series 4, Series 7, Series 24, Series 27, Series 62, and Series 63. He has been working for cfd Investments, Inc. since 1995.

Mick Owens, born in 1946, graduated from Indiana State University in 1968 with a B.S. in Mathematics. Owens is the founder of the firm and of cfd Investments, Inc. Owens is also the founder of several companies that do not have material interrelationships with the firm; cfd Insurance Planners, cfd Accounting Services, and cfd Realty. Owens has obtained the CLU, ChFC, and CFP designations and is a general securities principal. He has passed the following FINRA/state-regulatory qualifying examinations: Series 7, Series 24, Series 63 and Series 65.

Chris Rockey, born in 1979, graduated from Butler University in 2001 with a B.S in Physician Assistant Studies. Chris has worked in the financial services industry since 2008 after working as an emergency department Physician Assistant for more than 10 years. He works with individuals and small businesses to help them formulate their financial goals and develop strategies to implement them. Rockey has obtained the ChFC designation and has passed the following FINRA/state-regulatory qualifying examinations: Series 7 and Series 66.

## **Other Business Activities**

### **Solicitor Activities**

#### *Acting as Solicitor:*

The firm may in some instances act as a solicitor for third party asset managers and receive a fee for its solicitation activities. The fee received may include any of the following: a portion of the asset management fee charged to the client, a platform fee paid directly by third party asset manager, which may or may not be based on the assets under management maintained by the asset manager.

#### *Engaging Solicitors:*

To the extent permitted under applicable state law(s), the firm may pay a fee under its referral program. The amounts paid and the persons eligible under the referral program are provided for by written agreement. The amount is based on a



percentage of the fees it collects for investment advisory or financial planning services.

### **Other Activities of Staff Members and Investment Adviser Representatives**

Most of the firm's personnel and investment adviser representatives are registered representatives of cfd Investments, Inc., a securities broker/dealer and affiliated entity of Creative. Cfd Investments, Inc. acts as broker for securities transactions and, in those instances, receives a portion of the custodial fee and/or transaction-based compensation. Where an advisory client of Creative elects to effect securities transactions through cfd Investments, Inc., his or her investment adviser representative, acting in the capacity of registered representative, will be compensated thereon.

The client is not obligated to affect any transactions through cfd Investments, Inc. but may choose to utilize the broker/dealer firm of their choice. Not all investment strategies are available when using other broker/dealer firms and must be approved for use before management can occur.

A client's investment adviser representative or cfd Investments, Inc. may occasionally purchase securities that are also recommended to other of Creative's clients. This situation almost universally entails publicly traded stocks or mutual funds, where there is little risk that Creative might disadvantage a client or his or her investment adviser representative trading in advance of clients. However, Creative's investment adviser representatives are required to affect any client transactions prior to affecting their own.

In addition to acting as investment adviser representatives of Creative Financial Designs and registered representatives of its affiliate, cfd Investments, Inc., investment adviser representatives may also have various other outside business activities, related to the financial services industry or entirely unrelated. All outside business activities of investment adviser representatives must be disclosed to, and approved by, Creative's Compliance Department. Creative will make disclosure of potential conflicts of interest to its clients relating to individual circumstances in such situations.

### **ITEM 9: DISCIPLINARY INFORMATION**

The Securities and Exchange Commission "SEC" issued an Administrative and Cease and Desist Order pursuant to Section 15(B) of the Securities Exchange Act, and Sections 203(E) and 203(K) of the Investment Advisers Act of 1940. The Order found that Creative breached its fiduciary duty in connection with its mutual fund share class selection practices and revenue sharing payments by cfd Investments, Inc., its affiliated broker/dealer. The Order identified that the payments of 12B-1 fees and revenue share arrangements to cfd Investments, Inc., that were in effect from 2014 thru 2019. These arrangements constituted a conflict

of interest that was not fully disclosed in the form ADV. Additionally, the compensation received by cfd Investments, Inc. was not fully disclosed in the form ADV. The Order issued a monetary fine of \$212,300, and ordered disgorgement of \$569,516 and prejudgment interest of \$208,424.

Other details related to this matter, or matters relating to affiliates of Creative, can be found on the Investment Adviser Public Disclosure site ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) or FINRA's brokercheck ([www.brokercheck.com](http://www.brokercheck.com)).

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

Creative has some common shareholders, officers and directors with cfd Investments, Inc., cfd Insurance Planners, Inc. and other companies related only by common ownership. No CFD company has a controlling ownership interest in any other CFD company. Cfd Investments, Inc. is an SEC-registered Broker/Dealer and member of FINRA and is also an insurance agency. Cfd Insurance Planners is a licensed life and health insurance agency. As disclosed elsewhere, there is also cfd Realty [a real estate broker]. The object is to make the products and services of those companies available to clients, if desired, in order to provide superior services and products toward achievement of clients' overall financial goals. However, unless otherwise noted herein, clients are not obligated to use either cfd Investments or any other affiliated entity in the course of implementing advice given by Creative. For some management platforms, clients are required to use the services of cfd Investments, Inc. for brokerage services. While the firm believes that the fees, commissions and charges of cfd Investments, Inc. are competitive with the industry norms and the negotiation of commission rates is possible, clients may be able to obtain substantially similar services from other industry broker/dealers at lesser cost.

Most registered representatives of cfd Investments are also investment adviser representatives of Creative, and most investment adviser representatives of Creative are also registered representatives of cfd Investments. This fact, along with overlapping ownership previously discussed, creates a close relationship between Creative and cfd Investments. Given the close relationship between cfd Investments and Creative, we have jointly created the firm Customer Relationship Summary (Form CRS). Creative believes that this is the best way of describing the relationships available with Creative. Additionally, Creative has worked with cfd Investments on its Reg Best Interest Disclosure, which contains information relating to conflicts of interest that cfd Investments and Creative have with respect to some of the services that are provided to retail customers and investors. Please note that this information is available at [www.cfdinvestments.com](http://www.cfdinvestments.com) and [www.creativefinancialdesigns.com](http://www.creativefinancialdesigns.com), and is intended to be a disclosure of cfd investments, but to the extent that it relates to Creative's managed accounts held through a cfd Investments account, that disclosure document is also considered to be a supplemental disclosure of Creative.

## **ITEM 11: CODE OF ETHICS -- PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Creative, its employees and investment adviser representatives are subject to the firm's Code of Ethics. The Code generally provides that in all of Creative's business the best interest of the client is primary. Conflicts of interest are to be avoided and, where they cannot be avoided, acted upon in the client's best interests. The Code further requires employees and investment adviser representatives to, among other things, adhere to all applicable regulatory requirements and to protect the confidential information of clients. This Code of Ethics also controls the investment adviser representatives when it relates to their personal investment transactions, all of which are monitored by the firm to ensure that personal trading does not interfere with the obligations and responsibilities of the investment adviser representative to the client. Clients may obtain a copy of the firm's Code of Ethics upon request.

Specifically, investment adviser representatives are precluded from conducting trading in their personal accounts or in the accounts of family members within 24 hours of trading the same securities, except to the extent that it relates to block trades which are fully executed. See Section M of the Code of Ethics, for more information on this restriction.

Although not required unless certain portfolios or strategies are utilized, it is generally the case that the firm will utilize its related broker/dealer, cfd Investments, Inc., to affect all securities transactions for its managed accounts. (See also "OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS")

## **ITEM 12: BROKERAGE PRACTICES**

### **Choice of Broker/Dealers**

Although not required, it is generally the case that Creative will utilize its affiliated broker/dealer, cfd Investments, Inc., to effect all securities transactions for its managed accounts. Cfd Investments, Inc. utilizes Fidelity Custody and Clearing Services ("FCCS") as its clearing firms, and those firms provide such services as transaction execution, clearance, settlement and custody. Creative believes that the fees, commission and other charges available through cfd Investments, Inc. are competitive relative to the services provided. Clients may negotiate commissions and other charges.

For brokerage accounts established through FCCS, asset-based pricing will apply to the account, which will be a percentage of the value of an account, with an \$8 minimum monthly charge. This charge will be applied to cover the custodial and transaction-based fees associated with the managed account. This is not a "Wrap Fee," as the advisory fee associated with the management of the account is separately identified and negotiated. Additionally, the financial adviser does not

share in any portion of the asset-based pricing fee. The fee principally offsets those costs incurred by Creative and/or cfd Investments, Inc. based on the fees charged by FCCS for the custody and trading services that they provide. Cfd Investments, Inc. will also receive some additional compensation because of the charges. Cfd Investments, Inc. will not receive any additional compensation based on a decision of the manager to conduct more frequent transactions in a customer's account.

An additional option for the choice of broker/dealer is TD Ameritrade or other approved custodians. For the costs and expenses related to TD Ameritrade, please check with the information made available by those broker/dealers, as their fees and charges can change from time to time. Transaction fee charges occur at TD per trade unless the investments fall under any of TD's no fee transactions or the custodial fee option is selected.

### **Execution of Transactions**

When effecting securities transactions for the In-House Brokerage Managed Account platform, the firm's personnel will generally effect transactions for all clients utilizing block trading, which will mean that all of the transactions in the same security at the same time. This will not advantage one client over that of another. When the type or nature of the transaction is not conducive to the use of block trading, Creative will conduct all of the transactions as close in time as practicable under the prevailing circumstances. This practice will result in some clients obtaining execution of their portfolio transactions earlier than other clients do and in periods of market volatility, could result in differing execution prices for some clients for transactions involving the same securities.

When effecting transactions on multiple trading platforms, transactions will be conducted first on the TD Ameritrade platform, then through the FCCS platform, and then through any remaining custodian's trading platforms.

### **Soft Dollars/Referrals/Directed Brokerage**

Creative participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Creative receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

Except as otherwise identified herein, Creative does not accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. That said, certain third party asset

managers provide payments to Creative or cfd Investments, Inc. in the form of marketing support. Such payments are made to Creative for the purposes of supporting training of its investment adviser representatives, and such third party asset managers are identified as corporate sponsors. Information relating to corporate sponsors is discussed on the firm's website at [www.creativefinancialdesigns.com](http://www.creativefinancialdesigns.com).

Certain third party asset managers provide incentives to investment adviser representatives, and these incentives can pay additional funds to investment adviser representatives, beyond the fee collected, as an offset of costs paid by the investment adviser representatives in the performance of their practices. Generally speaking, these payments are used to offset expenses related to marketing or training activities. Discussions of these programs can be made available directly by our investment adviser representatives, as applicable to the services that they recommend. Please discuss this matter with your investment adviser representative, if applicable.

With respect to managed advisory clients, Creative does not direct brokerage to any broker/dealer in return for any form of compensation or referrals. Creative utilizes the brokerage services of cfd Investments, Inc. and generally recommends, and in some cases requires that advisory clients utilize the services of the affiliated broker/dealer. As discussed elsewhere in this document, cfd Investments, Inc. does receive compensation based on accounts established through the broker/dealer and through its clearing arrangement with FCCS. Creative does provide services through other clearing platforms, and customers will pay fees and charges for transactions, or other services provided through such platforms.

Financial planning clients are advised that they are free to use the broker/dealer of their choice to implement financial planning recommendations. Clients should be aware that a conflict of interest is present when utilizing cfd Investments, Inc. for plan implementation transactions since their investment adviser representative may be compensated for such securities transactions by the broker/dealer. That compensation in their capacity as registered representatives is in addition to any compensation they may receive from Creative in their capacity as investment adviser representatives.

## **ITEM 13: REVIEW OF ACCOUNTS FINANCIAL PLANS**

### **Review of Accounts**

Managed accounts are reviewed continually by the Managed Accounts Department. Various internal limits on gains, losses, allocation, and diversification are constantly monitored via independent software and alerts and signals as well as personal observations. In order to ensure that all portfolio transactions, holdings and values are correct and current, Creative urges its clients to carefully review all statements received directly from the independent financial institutions

and qualified custodians. Furthermore, the Managed Accounts Director or his designee reviews all trades.

### **Review of Financial Plans**

The firm's home office staff review a sampling of financial plans including written financial planning advice. Compliance and Supervision personnel also conduct periodic reviews of investment adviser representative activities.

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

### **Client Solicitation**

Creative, from time to time, enters into solicitation agreements pursuant to which it compensates third-party intermediaries for client referrals that result in the provision of investment advisory services by Creative. Creative will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to Creative may receive compensation from Creative, such as a retainer, a flat fee per referral and/or a percentage of introduced capital. 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. The cost of any such fees will be borne entirely by Creative and its investment adviser representatives and not by any affected client.

### **TD Ameritrade**

As disclosed under Item 12 above, Creative participates in TD Ameritrade's institutional customer program and Creative may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Creative's participation in the program and the investment advice it gives to its Clients, although Creative receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Creative participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Creative by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Creative's related persons. Some of the products and services made available by TD Ameritrade

through the program may benefit Creative but may not benefit its Client accounts. These products or services may assist Creative in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Creative manage and further develop its business enterprise. The benefits received by Creative or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Creative endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Creative or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Creative's recommendation of TD Ameritrade for custody and brokerage services.

Creative also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Creatives participating in the program. Specifically, the Additional Services include Black Diamond, an investment management tool designed to assist with research and trading. TD Ameritrade provides the Additional Services to Creative in its sole discretion and at its own expense, and Creative does not pay any fees to TD Ameritrade for the Additional Services. Creative and TD Ameritrade have entered into an agreement to govern the terms of the provision of the Additional Services.

Creative's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Creative, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Creative's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Creative, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Creative may have an incentive to recommend to its Clients that the assets under management by Creative be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Creative's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

### **Third Party Asset Managers**

Creative enters into marketing arrangements with certain third-party asset managers whereby Creative receives compensation and/or allowances in amounts based either upon a percentage of the value of new or existing account assets of clients referred to the third party asset manager by Creative, or a flat dollar amount. Creative uses these funds to offset marketing expenses of Creative or its investment adviser representatives.

## **cfid Investments, Inc.**

There is no formal client referral arrangement between cfd Investments, Inc. and Creative, but there are clients of Creative that are also clients of cfd Investments, Inc. and it can be understood that clients are being referred between cfd Investments, Inc. and Creative. Additionally, most investment adviser representatives of Creative are also registered representatives of cfd Investments, Inc. These facts may be a consideration in a recommendation by Creative to utilize cfd Investments, Inc. as its broker/dealer.

### **ITEM 15: CUSTODY**

All client assets are held at qualified custodians who provide account statements directly to clients per their stated way of receiving (through online access, email, or mail). Clients have the choice of the custodian that they wish to have, and is responsible to pay for all custodial and transaction fees charged by the custodian of their choice.

While Creative does not take physical custody of client funds or securities, SEC rules under the Investment Advisers Act of 1940 deem the firm to have custody of client assets because of certain business methodologies employed by Creative. The firm is deemed to have “constructive custody” under regulatory guidelines because of Creative’s authority from certain clients for our firm to directly debit client advisory fees from their custodian accounts consistent with industry practices and regulatory guidelines. Furthermore, most clients under the Self-Directed Retirement management platform gives Creative access to their employer plan account to allow the firm to effect investment management transactions with regard to those assets. Under SEC rules, this level of access to client assets is considered the equivalent of Creative having “custody” of the client assets.

Because Creative is deemed to have custody of client assets due to the circumstances described above, the firm has engaged an independent auditor to perform an unannounced audit of Creative’s activities relating to client assets on at least an annual basis. The purpose of the audit is to ensure that the firm and its personnel are dealing appropriately with client assets and to verify those client assets with the respective custodians where the client assets are held, as well as directly with clients themselves. The results of these audits are available upon request.

### **ITEM 16: INVESTMENT DISCRETION**

Creative exercises discretion with respect to the Brokerage Management, Self-Directed Retirement, and Variable Annuity Management programs. Discretion gives Creative the authority to determine the securities to be bought and sold without obtaining specific client consent, unless a client of Creative specifically



requests that certain securities not be purchased in their accounts. For managed accounts utilizing brokerage accounts (e.g. equity securities), it is required that the clients at a broker/dealer. Creative often recommends cfd Investments to serve in that capacity, however a client may use a third party broker/dealer approved by Creative.

Though the firm generally recommends that planning clients utilize cfd Investments, Inc. for securities transactions, the planning clients' choice of broker/dealers to use for the implementation of securities transactions is the client's decision.

#### **ITEM 17: VOTING CLIENT SECURITIES**

Creative does not vote proxies for its clients with regard to their securities holdings. All client securities are held at their respective custodians in the name of the client and therefore client custodians' direct proxies to the clients themselves for voting.

#### **ITEM 18: FINANCIAL INFORMATION**

Creative does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Creative is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Creative has no disclosures pursuant to this topic.