

# Beacon Retirement Planning Services, Inc.

## Firm Disclosure Brochure – Form ADV Part 2A

### Beacon Financial Services

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This Disclosure Brochure provides information about the qualifications and business practices of Beacon Retirement Planning Services, Inc. d/b/a Beacon Financial Group, Inc. If you have any questions about the contents of this Disclosure Brochure, please contact us at the numbers listed above. The information in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information to assist you in determining whether to retain Beacon Financial Group, Inc.

Additional information about the Firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). **Beacon Financial Group's CRD number is #110038.** At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2: Material Changes**

There are no material changes to report as of our last filing on February 4, 2020

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## **Item 4: Advisory Business**

### **Description of Advisory Firm**

Beacon Retirement Planning Services, Inc. d/b/a Beacon Financial Group, Inc. ("Beacon" or the "Advisor") filed for registration as an investment adviser with the Securities and Exchange Commission (SEC) on 09/15/2000 and is a Corporation organized in the state of Texas.

The Chief Compliance Officer is Stephen A. Engro. Beacon currently manages all of its assets on a discretionary basis. As of December 31, 2020, the Firm had \$865,894,376 in discretionary assets under management. Kestra Financial, Inc is the principal owner of Beacon Retirement Planning Services, Inc.

### **Advisory Services Offered**

While this brochure generally describes the business of Beacon, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Beacon's behalf and is subject to the Firm's supervision or control.

### **Wealth Management Services**

Beacon provides clients with wealth management services which includes a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

Beacon primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual publicly traded debt and equity securities, and independent managers ("Independent Managers") in accordance with their stated investment objectives.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Such assets might not be held at their primary custodian.

Beacon tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Beacon consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Beacon if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Beacon determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Financial Planning and Consulting Services**

Beacon offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Investment Management Services
- Personal Financial Planning
- Insurance Management and Consulting
- IRA Rollovers from Qualified Plans
- Tax Planning
- Manager Due Diligence
- Retirement Planning
- Trust and Estate Planning

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth engagement (described in more detail below).

In performing these services, Beacon is not required to verify any information received from the client or from the client's other professionals (e.g. attorneys, accountants, etc.) and is expressly authorized to rely on such information. Beacon may recommend clients engage the Firm for additional related services and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Beacon or its affiliates to provide (or continue to provide) additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation of any financial planning or consulting engagement and are under no obligation to act upon any of the recommendations made in such engagement. Clients are also advised that it is their responsibility to promptly notify the Firm of any change in their financial or investment objectives for the purpose of reviewing, evaluation or revising Beacon's recommendations and/or services.

A personal financial plan may be offered at no additional costs after evaluating multiple facets of the client's overall financial picture. Such plan may include financial analysis, cash flow analysis, investment portfolio design, asset allocation, education-planning, risk analysis, estate planning and retirement planning. Clients retain absolute discretion regarding implementation of any or all of client's financial plan and are under no obligation to act upon any recommendations made in such financial plan.

## **Use of Independent Managers**

As mentioned above, Beacon may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which Beacon engages an Independent Manager on behalf of the Client are set forth in the Client's Financial Advisory Agreement and/or a Limited Power of Attorney (LPOA) which is used to add trading access for the sub-advisor (Independent Manager). In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers to manage their assets.

Beacon evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Beacon also takes into consideration each Independent Managers' management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Beacon continues to provide services relative to the discretionary selection of Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Beacon seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests. Fees for independent managers are included in the Client's advisory fee.

## **Item 5: Fee Compensation**

Beacon offers services on a fee basis, which may include fixed fees, hourly fees, as well as fees based upon assets under management or advisement. The firm does not, in any case, take receipt of \$1200 or more in prepaid fees in excess of six months in advance of services rendered.

### **Wealth Management Fees**

Depending on the particular client engagement, Beacon offers investment services for an annual fee based on the amount of assets under the Firm's management. This management fee typically range from 0.50% - 1.25%. However, individual fees may be negotiable based on total Household assets under management. See "Fee Discretion" section below for additional details.

The annual fee is prorated and charged quarterly, in advance based upon the market value of the assets being managed by Beacon on the last day of the previous billing period. If assets are deposited or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

If a Client utilizes Independent Managers, the fees charged may be more or less than set out above as each manager determines their own fees. For your specific fees, see your Financial Advisory Agreement.

While the Firm typically offers financial planning on a complimentary basis, it has the option of charging fixed or hourly fees under a wealth management agreement.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Beacon may negotiate a fee rate that differs from the range set forth above.

### **Fee Discretion**

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Beacon may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities. In addition, the Firm may charge a lesser fee for assets where the Firm provides services (such as reporting and analysis for financial planning purposes) but does not manage the assets on an ongoing basis.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to Beacon, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions and other transaction costs, custodial fees, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described further herein in Item 12.

### **Direct Fee Debit**

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Clients generally provide Beacon with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Beacon.

### **Use of Margin**

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The Firm may be authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed net of margin such that the market value of the client's account and corresponding fee payable by the client to the Firm will not be increased. The Firm does not earn any portion of the margin interest charged. However, the use of margin is typically positively correlated to the riskiness of a portfolio, which in return is expected to grow more quickly, therefore increasing future asset based fees. This could cause a conflict of interest.



## **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to Beacon's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept any particular securities into a client's account. Clients may withdraw account assets on notice to Beacon, subject to the usual and customary securities settlement procedures. Beacon may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

### **Item 6: Performance-Based Fees and Side-by-Side Management**

Beacon does not provide any services for a performance-based fee (i.e. a fee based on a share of capital gains or capital appreciation of a client's assets.)

### **Item 7: Types of Clients**

We offer our investment advisory services to individuals, including high net worth individuals, trusts, estates, foundations and endowments, as well as corporations or other business organizations. Accounts normally need to meet a preferred minimum investment of \$100,000 to be accepted for management, but such requirements differ depending upon the particular advisory program or investment strategy employed.

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

#### **Methods of Analysis**

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Beacon utilizes a combination of fundamental, technical and cyclical methods of analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Beacon, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon

technical is that spotting historical trends may not help to such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Beacon will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that Beacon is recommending. This risk with cyclical analysis is similar to those of technical analysis.

## **Investment Strategies**

Beacon considers a client's goals and risk tolerance before reaching a mutual decision with the client on how best to build an investment portfolio. Beacon follows a rigorous and detailed planning process to create a diversified portfolio aimed at meeting client objectives. Upon completion of the analysis, Beacon and the client will review the proposed strategy and decide upon the best approach. Beacon will then implement the accepted strategy and monitor the portfolio to ensure that it continues to meet the client's goals and objectives.

## **Use of Margin**

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

## **Risks of Specific Securities Utilized**

Beacon generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, Advisor may utilize options, which generally hold greater risk of capital loss; and clients should be aware that there is a material risk of loss using any of those strategies.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that provides fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of

principal risk, etc.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Precious Metal ETFs** (Gold, Silver, Palladium Bullion backed "electronic shares" not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation.

**Options** involve a contract to purchase or sell a security at a given price, not necessarily at market value, depending on the market.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### Item 9: Disciplinary Information

Beacon and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service in which you partner. Our backgrounds are on the Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for your review. To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter **(110038)** in the field labeled "Firm IARD/CRD Number." This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Parts 1 lists legal and disciplinary information. As of the date of this Disclosure Brochure, Beacon has no disciplinary information, either criminal or civil, to report.

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

Some of the Investment Advisory Representatives of Beacon are also registered representatives of Kestra Investment Services, LLC, a FINRA member broker-dealer. Some representatives are also registered as insurance agents. When acting as a registered representative or insurance agent, they may, from time to time, recommend to clients transactions in mutual funds, 529 plans or variable and fixed life insurance products. The representative may earn a commission on such

sales. All such commissions are paid directly to the Firm rather than the representative. Regardless, this financial incentive may create a conflict of interest between the client and the investment advisor representative.

Beacon is a wholly owned subsidiary of KESTRA Financial, Inc. ("KESTRA"). KESTRA owns other registered investment advisors, broker-dealers, insurance agencies and other product and service providers ("KESTRA Affiliates"). From time to time, Beacon may recommend clients purchase or sell products and/or services offered through KESTRA Affiliates. As a result of any such sales, Beacon may receive compensation. Such compensation creates a conflict of interest.

Kestra Financial, Inc. and Kestra Affiliates are ultimately owned by Warburg Pincus LLC. Some of our Advisors own equity in Warburg Pincus LLC and stand to benefit if Kestra AS and Kestra Affiliates perform well financially. This ownership creates a conflict of interest since Advisors owning equity in Warburg Pincus LLC have an incentive to recommend the services of Kestra Affiliates.

Other relationships with other Kestra companies include our ability to recommend services of our affiliate, Trinity Financial Services. Trinity Financial Services is an affiliated third party administrator made available to Advisors for recommendation to retirement plan sponsors. The recommendation of Trinity Financial Services creates a conflict of interest since our affiliate would receive increased compensation.

We are affiliated with Arden Trust Company. The recommendation of this company creates a conflict of interest since our affiliate would receive increased compensation.

Beacon has related SEC registered investment advisers that manage limited partnerships or limited liability companies that are not listed above. More information about those limited liability companies is available in section 7B of Schedule D of Form ADV. Beacon clients are not solicited to invest in any of such limited partnerships or limited liability companies.

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

### **Code of Ethics**

Beacon has adopted a written Code of Ethics in compliance with applicable securities laws that sets forth the standards of conduct expected of its Supervised Persons. Beacon's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Beacon's personnel defined as "access persons" to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the

policies stated below:

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e. spouse, minor children and adults living in the same household) a transaction in that security unless:

- The transaction has been completed;
- The transaction for the Supervised Person is completed as part of a batch with clients; or
- A decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the US Government; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Beacon to request a copy of its Code of Ethics.

## **Item 12: Brokerage Practices**

Beacon generally recommends that clients utilize the custody, brokerage and clearing services of either TD Ameritrade or Fidelity for investment management accounts.

Factors which Beacon considers in recommending TD Ameritrade or Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by TD Ameritrade or Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Beacon's clients to TD Ameritrade or Fidelity comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Beacon determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Beacon seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist Beacon in its investment decision-making process. Such research will generally be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Beacon does not have to produce or pay for the products or services.

Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade

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

Beacon periodically and systematically reviews its policies and procedures regarding its recommendations of Financial Institutions in light of its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

Beacon receives, without cost, computer software and related systems support from TD Ameritrade and/or Fidelity which allow the Firm to better monitor client accounts maintained at Beacon. Beacon receives the software and related support without cost because the Firm renders investment management services that maintain assets at TD Ameritrade or Fidelity. The software and support is not provided in connection with securities transactions of clients (i.e. not

"soft dollars"). The software and related systems support may benefit Beacon, but not its clients directly. In fulfilling its duties to its clients, Beacon endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Beacon's receipt of economic benefits from a broker/dealer creates conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing a certain level(s) of assets at TD Ameritrade or Fidelity.

### **Directed Brokerage**

At the current time, Beacon does not allow directed brokerage. Clients must choose to either custody their assets at TD Ameritrade or Fidelity.

### **Trade Aggregation**

Advisor maintains the ability (but not the obligation) to combine or "batch" orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Beacon's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Beacon personnel may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the US Securities and Exchange Commission. Beacon does not receive any additional compensation or remuneration as a result of the aggregation.

In the event the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an

investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts; (iv) with respect to sale allocation, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimus* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transaction may be executed on a pro rata basis among the remaining accounts; or (iv) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Item 13: Review of Accounts**

### **Account Reviews**

Beacon monitors client accounts on a continuous and ongoing basis while regular account reviews are conducted on at least a semi-annual basis. Such reviews are conducted by the Firm's investment advisor representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Beacon and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular (at least quarterly) summary account statements directly from the Financial Institution where their assets are custodied. From time to time or as otherwise requested, clients may also receive written or electronic reports from Beacon or an outside service provider which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Beacon or any outside service provider.

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

### **Client Referrals**

In the event a client is introduced to Beacon by either an affiliated or unaffiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Beacon's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Beacon's written brochure and a copy of a solicitor's disclosure document containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Beacon is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure at the time of the solicitation.

### **TD Ameritrade AdvisorDirect Program**

As disclosed under Item 12 above, Beacon participates in TD Ameritrade's institutional customer program and Beacon may recommend TD Ameritrade to Clients for custody and brokerage

services. There is no direct link between Beacon's participation in the program and the investment advice it gives to its Clients, although Beacon 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 Beacon 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 Beacon by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Beacon's related persons. These products or services may assist Beacon in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Beacon manage and further develop its business enterprise. The benefits received by Beacon 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, Beacon endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Beacon or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Beacon's choice of TD Ameritrade for custody and brokerage services

Beacon receives client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Beacon has been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Beacon and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Beacon and has no responsibility for Beacon's management of client portfolios or Beacon's other advice or services. Beacon pays TD Ameritrade an on-going fee for each successful client referral. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to Beacon ("Solicitation Fee"). For referrals that occurred through AdvisorDirect on or after June 9, 2017 the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. Beacon will also pay TD Ameritrade the Solicitation Fee on any assets received by Beacon from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Beacon on the recommendation of such referred client. Beacon will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Beacon's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Beacon may



have an incentive to recommend to clients that the assets under management by Beacon be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Beacon has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Beacon's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### **Item 15: Custody**

Advisor, with client written authority, has limited custody of client's assets through direct fee deduction of Advisor's fees only. These fee deductions are reflected in the periodic statements the custodian sends our clients directly. Clients will receive all account statements from their custodian and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

Beacon may be given the authority to exercise discretion on behalf of clients. Beacon is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Beacon is given this authority through a power of attorney included in the agreement between Beacon and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Beacon takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

### **Item 17: Voting Client Securities (Proxy Voting)**

Beacon does not accept the authority to vote a client's securities (i.e. proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

### **Item 18: Financial Information**

Neither Beacon, nor its management has any adverse financial situations that would reasonably impair the ability of Beacon to meet all obligations to its Clients. Neither Beacon, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise during the past ten years. Beacon is not required to deliver a balance sheet along with this Brochure as the Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of the services rendered.