

Rice Financial Consulting, Inc.

Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Rice Financial Consulting, Inc. If you have any questions about the contents of this brochure, please contact us at (408) 354-3400 or by email at: info@ricefc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Rice Financial Consulting, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Rice Financial Consulting, Inc.'s CRD number is: 170346.

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of Rice Financial Consulting, Inc. on 03/24/2020 are described below. Material changes relate to Rice Financial Consulting, Inc.'s policies, practices or conflicts of interests.

- Rice Financial Consulting, Inc. has updated fees and compensation (Item 5).
- Jan Hundrieser is the new CCO of Rice Financial Consulting, Inc.

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Item 4: Advisory Business

Business Description

Our advisory firm provides manager supervisory services to individuals, high net worth individuals, charities, pension plans and corporations. As a registered investment adviser, we are held to the highest standard of client care - a fiduciary standard. As a fiduciary, we always put our client's interests first and must fully disclose any potential conflict of interest. We do not directly hold customer funds or securities and all transactions are sent to our qualified third-party custodian which executes, clears and settles them. Our co-advisor, Matson Money compares and allocates the portfolios. Our third-party custodian also maintains our clients' accounts and may grant clients access to them.

A. Description of the Advisory Firm

Rice Financial Consulting, Inc. (hereinafter "RFCI") is a Corporation organized in the State of California.

The firm was formed in September 2003, and the principal owner is Stephen Manfred Rice.

B. Types of Advisory Services

Selection of Other Advisers

RFCI may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, RFCI will always ensure those other advisers are properly licensed or registered as an investment adviser. RFCI conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. RFCI then makes investments with a third-party investment adviser by referring the client to the third-party adviser. RFCI will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

Services Limited to Specific Types of Investments

RFCI works with Matson Money, Inc. (CRD# 110425) to provide appropriate Mutual Fund and Annuity allocations for our clients.

C. Client Tailored Services and Client Imposed Restrictions

RFCI offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and

risk tolerance levels). Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. RFCI does not participate in any wrap fee programs.

E. Amounts Under Management

RFCI has \$151,668,686 as of December 2020 in non-discretionary assets under management.

Item 5: Fees and Compensation

A. Fee Schedule

Selection of Other Advisers Fees

RFCI will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between RFCI and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

RFCI may direct clients to Matson Money. The annual fee schedule is as follows:

Assets up to \$1,000,000	RFCI's Fee	Third Party's Fee	Total Fee
The first \$500,000	1.00%	up to 0.50%*	up to 1.50%*
The next \$500,000	1.00%	up to 0.50%*	up to 1.50%*
The next \$3,000,000	0.75%	up to 0.50%*	up to 1.25%*
The remainder over \$4,000,000	0.50%	up to 0.50%*	up to 1.00%*

Assets \$1,000,001 to \$3,000,000	RFCI's Fee	Third Party's Fee	Total Fee
The first \$500,000	0.75%	up to 0.50%*	up to 1.25%*
The next \$500,000	0.75%	up to 0.50%*	up to 1.25%*
The next \$3,000,000	0.75%	up to 0.50%*	up to 1.25%*
The remainder over \$4,000,000	0.75%	up to 0.50%*	up to 1.25%*

Assets \$3,000,001 to \$5,000,000	RFCI's Fee	Third Party's Fee	Total Fee
The first \$500,000	0.50%	up to 0.50%*	up to 1.00%*
The next \$500,000	0.50%	up to 0.50%*	up to 1.00%*
The next \$3,000,000	0.50%	up to 0.50%*	up to 1.00%*
The remainder over \$4,000,000	0.50%	up to 0.50%*	up to 1.00%*

Assets \$5,000,001 to \$10,000,000	RFCI's Fee	Third Party's Fee	Total Fee
The first \$500,000	1.00%	up to 0.50%*	up to 1.50%*
The next \$500,000	0.50%	up to 0.50%*	up to 1.00%*
The next \$3,000,000	0.40%	up to 0.50%*	up to 0.90%*
The remainder over \$4,000,000	0.25%	up to 0.50%*	up to 0.75%*

Assets \$10,000,001 and Over	RFCI's Fee	Third Party's Fee	Total Fee
The first \$500,000	0.50%	up to 0.50%*	up to 1.00%*
The next \$500,000	0.50%	up to 0.50%*	up to 1.00%*
The next \$3,000,000	0.50%	up to 0.50%*	up to 1.00%*
The remainder over \$4,000,000	0.10%	up to 0.50%*	up to 0.60%*

*contingent on the asset mix determined the Third Party. Final fee schedule will be reflected in the client contract.

RFCI's fees are negotiable.

B. Payment of Fees

Payment of Selection of Other Advisers Fees

Fees for selection of Matson Money as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid daily at fund level.

C. Client Responsibility For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by RFCI. Please see Item 12 of this brochure regarding broker-dealer/custodian.

D. Prepayment of Fees

RFCI collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be the balance of the fees collected in advance minus the daily rate* times the number of days in the billing period up to and including the day of termination. (*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

E. Outside Compensation For the Sale of Securities to Clients

Neither RFCI nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-By-Side Management

RFCI does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

RFCI generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Charitable Organizations
- ❖ Corporations or Business Entities

There is no account minimum for any of RFCI's services.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

RFCI's methods of analysis include modern portfolio theory.

Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

Investment Strategies

RFCI uses long term trading.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Modern Portfolio Theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Investment Strategies

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 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.

Selection of Other Advisers: Although RFCI will seek to select only money managers who will invest clients' assets with the highest level of integrity, RFCI's selection process cannot ensure that money managers will perform as desired and RFCI will have no control over the day-to-day operations of any of its selected money managers. RFCI would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulator breach or fraud.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

We work with Matson Money to provide appropriate Mutual Fund and Annuity allocations for our clients. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned below).

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

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

The CFP Board suspended Stephen Rice's use of the Certified Financial Planner designation for three years, from November of 2011 to November 2014. The primary reason for the suspension was failure to keep adequate records. Mr. Rice turned over a client's file to his Registered Principal, at the Principal's direction, and the CFP Board found that to be a violation of their Practice Standards. Stephen was also faulted for failing to provide a "Cash Flow Management" analysis for a client with a net worth of approximately \$20,000,000.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither RFCI nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither RFCI nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Stephen Manfred Rice is a real estate investor, serves as Chair of the "Oversight Board to the Successor Agency for the Redevelopment Agency of the Town of Los Gatos" and volunteers in his community.

Stephen Manfred Rice is a licensed insurance agent. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. RFCI always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any representative of RFCI in such individual's outside capacities.

Stephen Manfred Rice serves on the Board, and as Treasurer, of the Los Gatos Monte Sereno Police Foundation. This is a 501c(3) charitable organization that raises funds for "extra" equipment and training for the local Police Department. Stephen Manfred Rice spends about 2 hours per month on these activities.

Dorothy Janet Hundrieser spends one hour per month doing bookkeeping for a dentist.

RFCI always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of RFCI in such individual's outside capacities.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

RFCI may direct clients to third-party investment advisers to manage all or a portion of the client's assets. RFCI will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between RFCI and each third-party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that RFCI has an incentive to direct clients to the third-party investment advisers that provide RFCI with a larger fee split. RFCI will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. RFCI will ensure that all recommended advisers are licensed, or notice filed in the states in which RFCI is recommending them to clients.

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

A. Code of Ethics

RFCI has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. RFCI's Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

RFCI does not recommend that clients buy or sell any security in which a related person to RFCI or RFCI has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

As part of its Code of Ethics, RFCI has implemented a restricted list to ensure that neither the adviser nor its representatives will trade in securities that RFCI also recommends to clients.

D. Trading Securities At/Around the Same Time as Clients' Securities

Please see Item 11.C above.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers would be recommended based on RFCI's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent.

1. Research and Other Soft-Dollar Benefits

RFCI does not trade client's accounts and therefore receives no research, product, or services other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

2. Brokerage for Client Referrals

RFCI receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

RFCI does not trade client's accounts, but may recommend custodians/broker-dealers.

B. Aggregating (Block) Trading for Multiple Client Accounts

RFCI does not trade clients' accounts and therefore does not have the ability to block trade purchases across accounts.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for RFCI's advisory services provided on an ongoing basis are reviewed at least annually by an advisor with regard to clients' respective investment policies and risk tolerance levels. All accounts at RFCI are assigned to their advisor.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client of RFCI's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

RFCI does not receive any economic benefit, directly or indirectly from any third party for advice rendered to RFCI's clients.

B. Compensation to Non – Advisory Personnel for Client Referrals

RFCI does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

When advisory fees are deducted directly from client accounts at client's custodian, RFCI will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, RFCI will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

RFCI does not have discretion over client accounts at any time.

Item 17: Voting Client Securities (Proxy Voting)

RFCI will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

RFCI neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither RFCI nor its management has any financial condition that is likely to reasonably impair RFCI's ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

RFCI has not been the subject of a bankruptcy petition in the last ten years.