



**Item 1 Cover Page**

# **Reilly Financial Advisors**

**SEC File Number: 801 – 56721**

## **ADV Part 2A, Firm Brochure**

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**This brochure provides information about the qualifications and business practices of Reilly Financial Advisors (“RFA”). If you have any questions about the contents of this brochure, please contact us at (619) 698-0794 or [Sonja.larimore@rfawealth.com](mailto:Sonja.larimore@rfawealth.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 RFA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to RFA as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Since the last annual filing on February 5, 2021 this ADV Part 2A Firm Brochure has materially amended as to the following sections:

- Item 4- a new service offering of 1031 exchanges and Delaware Statutory Trusts; and
- Item 5- the fees in regard to margin accounts.

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## **Item 4            Advisory Business**

A.        Reilly Financial Advisors (“RFA”) is a limited liability company formed on October 6, 1997 in the State of California. RFA became registered as an Investment Adviser Firm in July 1999. RFA is owned by the Reilly 2015 Irrevocable Trust. Frank Reilly is RFA’s Managing Member.

B.        As discussed below, RFA offers to its clients (individuals, business entities, trusts and pension and profit-sharing plans, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage RFA to provide discretionary investment advisory services on a *fee-only* basis under the “Wealth Management”, “Wealth Legacy”, “Wealth Building”, “Retirement Consulting”, “International Accounts” and “Held Away Accounts” Programs described below.

RFA’s annual investment management fee shall include investment advisory services, in addition to the financial planning, tax preparation and consulting services described under the “Wealth Management”, “Wealth Legacy”, “Wealth Building” and “Retirement Consulting” Programs described respectively below. In the event that the client requires extraordinary financial planning, tax preparation and/or consultation services (to be determined in the sole discretion of RFA), RFA may determine to charge for such services on a stand-alone basis under the terms and conditions of a separate Agreement.

### **WEALTH MANAGEMENT PROGRAM**

Before engaging RFA to provide services under the Wealth Management Program, clients are required to enter into an *Investment Advisory Agreement* with RFA setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Wealth Management Program clients will generally meet with a CERTIFIED FINANCIAL PLANNER<sup>TM</sup> and representative of RFA’s Financial Planning Department, who will commence the engagement by discussing the client’s current financial status and investment goals. The Financial Plan representative will, with the help of the client, prepare a financial plan to address such issues as the following, for example: net worth calculation; goal setting; risk tolerance; retirement analysis/Monte Carlo analysis; asset projection; retirement plan analysis’ other portfolio analysis; and insurance analysis (which could include reviews of umbrella, life, auto, and homeowners’ policies).

In addition, RFA will generally assign a dedicated CERTIFIED FINANCIAL PLANNER<sup>TM</sup> to serve as the primary client contact, who will oversee the work performed on behalf of the client and service the client throughout the Wealth Management Program engagement.

Upon request, Wealth Management Program clients are entitled to receive an updated financial plan every two years or upon a triggering event, without additional charge. RFA will also provide “Family Wealth Counseling” services for Wealth Management Program clients upon request, which seeks to inform Wealth Management Program clients’ respective family members about the potential impact of the Wealth Management Program clients’ financial and estate plans.

RFA will prepare annual income tax returns on behalf of Wealth Management Program clients who maintain at least \$1 Million in assets under management with RFA. In addition, RFA will pay (or offset investment management fees) for the first \$3,500 incurred by Wealth Management Program clients for estate planning services provided by a separate and unaffiliated law firm for those clients who maintain at least \$2 Million in assets under management with RFA (of the client’s choosing). RFA may recommend

private investments, 1031 Exchanges or Delaware Statutory Trusts (see Wealth Legacy for more information) depending on the asset level the client has with RFA and their particular situations. This will be determined on a case-by-case basis with the client signing the appropriate agreements.

RFA provides investment advisory services under the Wealth Management Program through management of model portfolios. The model portfolios are based upon four fundamental investment strategies:

- Core – which provides a variety of risk-weighted options that adhere to fundamental asset allocation;
- Defensive – which provides clients the ability to participate in equity markets which may include investing in the MINT Fund (an actively managed exchange traded fund investing in short duration investment grade securities seeking lower beta/volatility risk than the S&P 500);
- Aggressive – which is designed for clients that can tolerate a higher risk level; and
- Catholic Portfolio- which is designed for those clients that are still looking to invest in the market but with guidance of Catholic values.

The Catholic Portfolio uses guidelines if the United States conference of Catholic Bishops as laid out in their November 12<sup>th</sup>, 2003 document “Socially Responsible Investment Guidelines.” (A copy of which can be found at <https://www.usccb.org/about/financial-reporting/socially-responsible-investment-guidelines>.) RFA uses a third-party software program to screen any company whose stock RFA might add to this Portfolio to ensure that it is in line with the Bishops statement. This Portfolio will adhere to the principle of Asset Allocation and Sector Diversification using the same guidelines as RFA’s other portfolios that are offered.

The model portfolios are comprised of individual stocks, bonds, mutual funds, exchange traded funds (“ETFs”), and/or cash designed with the goal of achieving a desired risk/reward balance as determined by each Wealth Management Program client’s individual financial situation. The ten potential model portfolios offered under the Wealth Management Program include: Core Income; Core Balanced; Core Growth; Core Equity; Defensive Income; Defensive Balanced, Defensive Value; Defensive Equity; Aggressive, and Catholic Portfolio. Wealth Management Program clients may impose reasonable restrictions in writing regarding specific allocations and disposition of legacy investment positions. RFA rebalances each model and/or reviews each Wealth Management Program client’s asset allocations approximately twice per year, or upon a triggering event.

## **WEALTH LEGACY PROGRAM**

Before engaging RFA to provide services under the Wealth Legacy Program, clients are required to enter into an *Investment Advisory Agreement* with RFA setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Wealth Legacy Program clients will meet with a CERTIFIED FINANCIAL PLANNER™ and/or a Chartered Financial Analyst who will commence the engagement by discussing the client’s current financial status and investment goals. RFA requires a \$5,000,000 minimum asset level for Wealth Legacy Program services.

Wealth Legacy Program clients are entitled to receive an updated financial plan every two years or upon a triggering event, without additional charge. RFA will also provide “Family Wealth Counseling” services for Wealth Legacy Program clients upon request, which seeks to inform Wealth Legacy Program clients’ respective family members about the potential impact of the Wealth Legacy Program clients’ financial and

estate plans. They are also entitled to the estate planning credit and tax preparation defined under the Wealth Management Program above.

The portfolios are comprised of individual stocks, bonds, mutual funds, exchange traded funds (“ETFs”), private investment funds and/or cash designed with the goal of achieving a desired risk/reward balance as determined by each Wealth Legacy Program client’s individual financial situation. Wealth Legacy Program clients may impose reasonable restrictions in writing regarding specific allocations and disposition of legacy investment positions. RFA generally rebalances each model and/or reviews each Wealth Legacy Program client’s asset allocations approximately twice per year, or upon a triggering event.

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

**1031 Exchanges and Delaware Statutory Trust.** RFA may also offer advice on and help facilitate private placements in real estate 1031 Exchanges and Delaware Statutory Trusts (DSTs). Such investments are used to defer capital gains from the sale of real estate property used for investment purposes by exchanging it another qualifying like-kind property. RFA’s role with regards to such funds includes both initial due diligence and initial investment subscription, as well as ongoing investment monitoring services. Such private placement funds are available to qualified clients and are considered tax intensive investments, and the involvement of a tax professional is advised. RFA’s clients are under absolutely no obligation to use this service.

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

For 1031 Exchanges and Delaware Statutory Trust, there are inherent risks which include identifying appropriate replacement properties, the tight time frame, and the potential of paying taxes on cash left over after the intermediary acquires the replacement property (known as the “boot”). The client will be required to complete and sign an agreement that they understand the risks, fees and the precise timeline as well as verify that they have a tax professional. There is no assurance that an available like-kind property will be available to purchase when the client is ready and will not be able to utilize this service with RFA.

**Please Also Note: Valuation.** In the event that RFA references private investment funds owned by the client on any supplemental account reports prepared by RFA, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If no subsequent valuation post-purchase is provided by the

Fund Sponsor, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date), or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than original purchase price. The client's advisory fee shall be based upon reflected fund value(s).

## **WEALTH BUILDING PROGRAM**

Before engaging RFA to provide services under the Wealth Building Program, clients are required to enter into an *Investment Advisory Agreement* with RFA setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Wealth Building Program clients will initially meet with a designated investment adviser representative, who will commence the engagement by discussing the client's current financial status and investment goals. The designated investment adviser representative will then prepare any or all of the following, as requested: a preliminary retirement analysis, a college planning analysis; and/or a 401K analysis.

If requested, RFA will remain available to help coordinate with Wealth Building Program client's CPAs regarding income tax preparation and related issues.

RFA provides investment advisory services under the Wealth Building Program based upon its model portfolio allocations. In particular, Wealth Building Program client assets are allocated to one or more of four possible model portfolios, comprised generally of ETFs, bonds, mutual funds, and/or cash designed with the goal of achieving a desired risk/reward balance as determined by each Wealth Management Program client's individual financial situation. The four potential model portfolios offered under the Wealth Building Program include: ETF Core Income; ETF Core Balanced; ETF Core Growth; and ETF Core Equity. Wealth Building Program clients may impose reasonable restrictions in writing with respect to the specific allocations and disposition of legacy investment positions. RFA rebalances each model approximately and/or reviews each Wealth Building Program client's asset allocations approximately once per year, or upon a triggering event

## **SCHWAB INSTITUTIONAL INTELLIGENT PORTFOLIOS®**

RFA has engaged Schwab in the use of their product, Schwab Institutional Intelligent Portfolios® ("SII"). SII offers paperless account opening, automated rebalancing, tax-loss harvesting and is an efficient way to help service clients for those that still need guidance with investing and saving for the future, but without a management fee paid to RFA. RFA will have discretion on the selection and will maintain the underlying portfolios that are available to clients in the SII program. The portfolios are created using either ETF's or mutual funds that are available on the platform. The fund selection will adhere to RFA's asset allocation and sector diversification standards. Quarterly Statements, provided through RFA's Client Portal, will be made available to clients under this agreement.

The Investor Profile Questionnaire is answered by the client as they go through the SII account opening process. This will form the basis of the client's Risk Capacity and Risk Willingness which will then select the appropriate portfolio that the client will be invested in. The client account will initially be invested based on the answers provided to the SII platform in one of the following strategies: Income, Balanced, Growth or Equity. RFA does not monitor or review the client's selection to their answers and does not make the initial assessment as to which portfolio the client will be placed in. It is up to the client to continue to monitor their situation and make appropriate changes to their answers when a portfolio switch is needed. Once the account has at least \$5,000 of investable assets, the portfolio will be monitored daily and

rebalanced automatically when an individual asset class weight exceeds the drift tolerance level relative to the target weight that is set by RFA. This automation and monitoring are completed by the SII platform, not by RFA. This program does not include RFA's traditional services such as annual reviews, investment advice and other services available under the Wealth Management, Wealth Legacy or Wealth Building programs.

## **RETIREMENT CONSULTING**

Before engaging RFA to provide services under the Retirement Consulting Program, the terms and conditions of the engagement shall be set forth in a *Retirement Plan Services Agreement* between RFA and the plan sponsor.

RFA also provides investment advisory and consulting services to retirement plans and retirement plan participants. In such instances, RFA may provide services in the following capacities:

**Trustee-Directed Plans.** RFA may be engaged to provide discretionary and/or non-discretionary investment advisory services to pooled retirement plans subject to The Employee Retirement Income Security Act of 1974 ("ERISA"), whereby RFA shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, RFA will serve as an investment fiduciary as that term is defined under ERISA. RFA will provide services on an "assets under management" fee basis per the terms and conditions of a Retirement Plan Services Agreement between the Plan and RFA.

**Participant-Directed Retirement Plans.** RFA also provides investment advisory and consulting services to participant-directed retirement plans per the terms and conditions of a *Retirement Plan Services Agreement* between RFA and the Plan. For such engagements, RFA shall assist the Plan sponsor, on a discretionary or non-discretionary basis, with the selection of a diversified menu of designated investment alternatives from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by RFA (the "Models")), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

**PLEASE NOTE:** If the participant determines to participate in the Models, the participant will incur an additional fee (currently 0.25% of the assets invested in the Models) that the participant would not incur if he/she determined to manage his/her account without participating in the Models. Additionally, if the participant makes no investment election, the participant's Plan assets may be automatically allocated into a Qualified Default Investment Alternative, which shall be a Model, and any assets so allocated will similarly be subject to the Model fee described herein.

**PLEASE ALSO NOTE:** RFA's offer to manage participant assets within the Models presents a **conflict of interest**, since RFA will earn a separate and additional fee from the participant for his/her participation in the Models. **There can be no assurance** that the performance of the participant's account enrolled in the Models will provide better returns than if the participant was to manage the account on his/her own. No Plan participant is obligated in any manner whatsoever to participate in the Models. The decision to participate shall be determined exclusively by the participant. The participant can continue to manage his/her own account without participating in the Models.



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

## **INTERNATIONAL ACCOUNTS**

Before engaging RFA to provide services under the International Accounts Program, clients are required to enter into an *Investment Advisory Agreement* with RFA setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

### *InteractiveBrokers*

To service its international clientele RFA utilizes *InteractiveBrokers*, a US based provider to independent investment advisors. *InteractiveBrokers* is a product neutral platform, enabling investment advisors to gain access to equities, fixed income, mutual funds and/or ETF's, on a number of stock exchanges throughout the world, as well as a cash account. The *InteractiveBrokers* platform also provides investors online access to monitor their accounts. As is true for the RFA's US operations, all international clients shall be required to execute a separate written agreement with *InteractiveBrokers* to establish an account, which agreement shall vest the RFA with discretionary trading authority over the client's account(s).

## **HELD AWAY ACCOUNT SERVICES**

RFA can provide an additional service for accounts not directly held at a custodian in which RFA has a relationship with but has discretion on implementing asset allocation or rebalancing strategies on behalf of a client. RFA is only able to implement these trades if the client engages in this held away service and inputs their credentials for their particular account in that system. RFA will not ever have access to the client's credentials at any time and it will be the sole responsibility of the client to update their information if it changes. These are primarily 401(k), 403(b) accounts and variable annuities, and other assets that RFA does not custody. RFA reviews the current holdings and available investment options in these accounts, monitor the accounts, rebalances and implements RFA's strategies as necessary. There will not be a quarterly statement created as RFA cannot receive downloads of the transactions held in the account. The client will be responsible for monitoring any transactions and advising RFA if there is a changed circumstance in their personal or financial situations. RFA pays for this third party held away service and does not pass the fee or increase the fee on these clients.

## **FINANCIAL PLANNING, TAX PREPARATION CONSULTING SERVICES (STAND-ALONE)**

RFA can determine to provide stand-alone financial planning, tax preparation and/or consulting services (including investment and non-investment) related matters on a stand-alone separate fee basis. Prior to engaging RFA to provide financial planning or consulting services, clients are required to enter into a *Financial Planning and Consulting Agreement* with RFA setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to RFA commencing services.

For tax preparation and consulting services, a quote and generally, an engagement letter, will be sent to the client before they engage with the RFA tax services. The quote will be a range and may increase or decrease depending on the complexity of the tax preparation. RFA also has the option to decline providing tax preparation services to its clients.



**Please Note:** It remains the client's responsibility to promptly notify RFA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising RFA's previous recommendations and/or services.

If requested by the client, RFA will recommend the services of other professionals for implementation purposes, including estate planning, insurance planning, etc. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from RFA. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify RFA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising RFA's previous recommendations and/or services.

### **NON-INVESTMENT CONSULTING/IMPLEMENTATION SERVICES**

To the extent requested by the client, RFA may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither RFA, nor any of its representatives, serves as an attorney and no portion of RFA's services should be construed as same. RFA can provide limited tax advice from their in-house CPA on staff to those clients that have tax related questions. However, RFA still recommends that the client consult with their own CPA/accountant for additional consideration. To the extent requested by a client, RFA will recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from RFA. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify RFA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising RFA's previous recommendations and/or services.

### **ADDITIONAL INFORMATION**

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

**Disclosure Statement.** A copy of RFA's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

**Please Note:** RFA does not serve as an attorney, or insurance agent, and no portion of our services should be construed as legal or insurance services. Accordingly, RFA does not prepare estate planning documents, nor does it sell insurance products. RFA provides limited tax advice for clients when they have tax related questions, but it is always recommended that the client speaks with their own CPA/accountant on these matters. Tax returns are only completed for those clients that have engaged RFA in its offering to prepare tax returns for those client's that have assets under management in excess of \$1,000,000 as described above under the Wealth Management Program.

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), RFA maintains cash positions for defensive purposes and is part of RFA's asset allocation as a defined asset class for our portfolios. Cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating RFA's advisory fee. RFA's Chief Compliance Officer, Sonja Larimore, or a CERTIFIED FINANCIAL PLANNER™, remains available to address any questions that a client or prospective client may have regarding the above fee billing practice or asset allocation.

C. RFA shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, RFA shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on RFA's services.

D. RFA does not participate in a wrap fee program.

E. As of September 7, 2021 RFA, had \$1,791,653,248 in assets under management on a discretionary basis, \$72,994,849 in assets on a non-discretionary basis, and \$341,364,590 in assets allocated by 401(k) plan participants to asset allocation models that RFA manages on a discretionary basis.

## **Item 5 Fees and Compensation**

A. The client can determine to engage RFA to provide discretionary investment advisory services on a fee-only basis. **Please Note:** Going forward for new clients as of April 1, 2013, the below fee schedule will be effective. All pre-existing clients will continue to be charged under the previous RFA fee schedule and/or in accordance with the fee set forth on the Client Profile: Schedule B between RFA and the client.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage RFA to provide discretionary investment advisory services on a fee-only basis, RFA's annual investment management fee shall be based upon a percentage (%) of the market value and type of assets placed under RFA's management. RFA's annual investment management fee shall include investment advisory services, in addition to the financial planning and consulting services described under the respective Wealth Management Program, Wealth Building Program and Wealth Legacy Program descriptions in Item 4. In the event that the client requires extraordinary financial planning and/or consultation services (to be determined in the sole discretion of RFA), RFA may determine to charge for such services a stand-alone basis under the terms and conditions of a separate *Financial Planning and Consulting Agreement*.

RFA's annual investment management fees (between negotiable and 1.50) are generally as follows:

#### **WEALTH MANAGEMENT AND WEALTH LEGACY PROGRAMS**

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
\$0- \$500,000	1.50%
\$500,000-\$1,000,000	1.25%
\$1,000,000-\$3,000,000	1.00%
\$3,000,000- \$5,000,000	0.75%
Over \$5,000,000	0.65%

The client will sign a separate agreement with RFA regarding the purchasing of Private Investments as there are additional costs on the fund level inherent in that type of investment in which RFA does not have control over.

For held away accounts, the annual fee will be based on the above fee schedule. The fees are based on the assets within these accounts according to the valuation of the accounts at the close of the quarter as valued by the custodian. The client will be invoiced directly.

For non-US citizen clients on the *InteractiveBrokers* platform, the following fee schedule will apply:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
\$0- \$1,000,000	1.50%
Over \$1,000,000	Negotiable

### **WEALTH BUILDING PROGRAM**

The annual investment management fee for Wealth Building Program clients is 1.00% or \$500 minimum of assets under management.

### **SCHWAB INSTITUTIONAL INTELLIGENT PORTFOLIOS®**

There is no charge for client's that are using the SII platform. Once the client reaches a household level of \$30,000, a new contract will be sent for the client(s) signature to accept the new terms under the Wealth Building program, if they so choose. RFA will be responsible for monitoring the household values and make a determination when it is appropriate to reach out to the client to offer additional services, as described in Item 4, Wealth Building Program. RFA also does not receive any compensation from Schwab for using this platform.

### **RETIREMENT CONSULTING**

RFA's annual retirement consulting fee shall be based upon various objective and subjective factors, including but not limited to: the amount of the assets in the plan, the complexity of the engagement, and the level and scope of the overall services to be rendered. Before engaging RFA to provide consulting services, clients are required to enter into an agreement ("Retirement Plan Services Agreement"), setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, RFA *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. RFA's planning and consulting fees are negotiable, but generally range from \$500 to \$2,500 on a fixed fee basis, and from \$300 to \$500 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

### **TAX PREPARATION AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, and if RFA has the capacity to do so, it may provide tax preparation and/or consulting services on a stand-alone fee basis. The fees range from \$350 to \$2,500 on a fixed fee basis or from \$600 on an hourly rate basis depending on the level, scope and complexity of the tax services requested and provided. **Please Note:** before any services are rendered, a quote will be provided to the client with their understanding that this is a base quote and that the actual invoice may be higher or lower depending on the professional services that are actually rendered. It will be in RFA's sole discretion to take additional self-pay tax clients on and at any time can terminate the self-pay relationship by giving the client reasonable notice and time to find another CPA/accountant, either in writing (mail or email) or via phone, so long as it does not cause the negative tax implications for the client at that particular time.

### **FLAT RATE FEE**

RFA does not charge a flat rate on accounts. However, upon its discretion, RFA can choose to charge a flat rate rather than a percentage as defined above. The flat rate will be an agreed upon annual fee that will be billed quarterly, in advance.

B. Clients may elect to have RFA's advisory fees deducted from their custodial account. Both RFA's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of RFA's investment management fee and to directly remit that management fee to RFA in compliance with regulatory procedures. In the limited event that RFA bills the client directly, payment is due upon receipt of RFA's invoice. If the management fee is not received forty-five (45) days after the end of the quarter, RFA will deduct the fee directly from the custodial account. RFA deducts fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, RFA shall generally recommend that TD Ameritrade ("*Ameritrade*") and/or Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Ameritrade* and *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to RFA's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom RFA and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade away" fee charged by *Ameritrade* or *Schwab*).

D. RFA's annual investment management fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. RFA generally requires a \$5,000,000 minimum asset level for Wealth Legacy Program services; \$500,000 minimum asset level for Wealth Management Program services; and a \$30,000 minimum asset level for Wealth Building Program services. RFA, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

\* One-time additional deposits of funds and/or securities during any quarter in excess of \$25,000, or accounts established during a calendar quarter, will be billed in arrears at the end of the billing quarter, based upon the market value of the assets transferred to RFA's management during the quarter. One-time withdrawals in excess of \$25,000 during any quarter will be prorated to the date of the withdrawal and the compensation differential will be refunded and/or credited to the client or the client account. No increase in the annual fee shall be effective without prior written notification to the client.

To the extent that margin is employed in the management of the client's investment portfolio, the market value of the client's account will be increased. Therefore, the corresponding fee payable by the client to RFA will be increased because it is including the margin balance in the client's overall management fee calculation. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the conflict of interest between us and the client whereby RFA may encourage the use of margin because it will increase the management fee payable

to us. RFA does not generally recommend margin on client accounts however, if a client requests that margin be added, the client will sign the appropriate custodial forms to have it added.

The *Investment Advisory Agreement* between RFA and the client will continue in effect until terminated by either party upon thirty (30) days prior written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, RFA shall refund the pro-rated portion of the advanced advisory fee paid.

E. Neither RFA, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither RFA nor any supervised person of RFA accepts performance-based fees.

## **Item 7 Types of Clients**

RFA's clients shall generally include individuals, business entities, trusts and pension and profit-sharing plans. RFA generally requires a \$5,000,000 minimum asset level for Wealth Legacy Program services; \$500,000 minimum asset level for Wealth Management Program services; a \$30,000 minimum asset level for Wealth Building Program services; and no minimum for the Schwab Institutional Intelligent Portfolio<sup>®</sup> program. RFA, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). For additional information, please see Item 5, Section D.

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

A. RFA utilizes the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

RFA utilizes the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)
- Private Investments (high risk with additional fees, held for an extended period of time with little liquidity options)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by RFA) will be profitable or equal any specific performance level(s).

B. RFA's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis RFA must have access to current/new market information. RFA has no control over the dissemination rate of market information. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

RFA's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, RFA may also implement and/or recommend – options transactions. Each of these strategies has a high level of inherent risk. (*See discussion below*).

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by RFA shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by RFA is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct RFA, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Private investments are used to supplement a client's portfolio as an additional strategy. The risk for private investments is much higher than for a traditional securities purchase and the inherent risk can be unprofitable. For some private investments, the client must be an accredited investor before they are eligible to purchase the investment. There are additional fees associated with private investments that are above and beyond that of RFA's management fees. Private investments are not priced on a daily basis and therefore the value can be stagnant for a period of time before the price is updated, usually quarterly, by a third party. RFA's management fee will be based on the most recent price of the private investment received. It is important to note that it can be a lengthy and extensive process to purchase a private investment and



therefore value and performance will be temporarily affected. These funds are generally illiquid which means the funds placed in private investments cannot be readily or easily made available without at least three months' notice and in some cases, the funds will be tied up for a number of years. Private investments are not recommended for most investors; only those sophisticated investors and those who can handle the inherent risk, should consider private investments. Some of the Private Investments that are recommended by RFA are not considered private placements because they are Registered Investment Companies under the Investment Company Act of 1940. These funds are more liquid compared to other Private Investments and are priced on a daily basis.

C. Currently, RFA primarily allocates client investment assets among various individual equity (stocks) and fixed income securities, ETFs, and/or mutual funds, on a discretionary basis in accordance with the client's designated investment objective(s). RFA may also recommend certain Private Investments to clients on a case-by-case basis, but generally to those in the Wealth Legacy program.

RFA may allocate investment management assets of its client accounts, on a discretionary basis, among one or more model portfolio allocations as described above under Item 4. The model portfolio allocation programs comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is specifically applicable to RFA's management of client assets:

1. Initial Interview – at the opening of the account, RFA, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment – the client's account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly RFA shall notify the client to advise RFA whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account;
4. Annual Contact – at least annually, RFA shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account.
5. Consultation Available – RFA shall be reasonably available to consult with the client relative to the status of the client's account;
6. Quarterly Statement – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct RFA not to purchase certain mutual funds;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client's account;
9. Separate Account – a separate account is maintained for the client with the Custodian; and
10. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

RFA believes that its annual investment management fee applied to the model portfolio allocation programs is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*;

and (2) the fees charged by other investment advisers offering similar services/programs. However, RFA's annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to RFA's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** RFA's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## **Item 9           Disciplinary Information**

RFA has not been the subject of any disciplinary actions.

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

- A.       Neither RFA, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B.       Neither RFA, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.       RFA has no other relationship or arrangement with a related person that is material to its advisory business.
- D.       RFA does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

A.       RFA maintains a policy relative to personal securities transactions. This policy is part of RFA's overall Code of Ethics, which serves to establish a standard of business conduct for all of RFA's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, RFA also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by RFA or any person associated with RFA.

- B.       Neither RFA nor any related person of RFA recommends, buys, or sells for client accounts, securities in which RFA or any related person of RFA has a material financial interest.
- C.       RFA and/or representatives of RFA can buy or sell securities that are also recommended to clients. This practice may create a situation where RFA and/or representatives of RFA are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if RFA did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of RFA's clients) and other potentially abusive practices.

RFA has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of RFA's "Access Persons". RFA's securities transaction policy requires that an Access Person of RFA must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each calendar quarter thereafter on a date RFA selects; provided, however that at any time that RFA has only one Access Person, he or she shall not be required to submit any securities report described above.

D. RFA and/or representatives of RFA *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where RFA and/or representatives of RFA are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, RFA has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of RFA's Access Persons.

## **Item 12 Brokerage Practices**

A. In the event that the client requests that RFA recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct RFA to use a specific broker-dealer/custodian), RFA generally recommends that investment management accounts be maintained at *Ameritrade* and/or *Schwab*. Prior to engaging RFA to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with RFA setting forth the terms and conditions under which RFA shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that RFA considers in recommending *Ameritrade* and/or *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with RFA, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by RFA's clients shall comply with RFA's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where RFA determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although RFA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, RFA's investment management fee. RFA's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. TD Ameritrade  
Ameritrade AdvisorDirect

Although RFA no longer participates in the *TD Ameritrade* AdvisorDirect referral program, RFA continues to compensate *TD Ameritrade* for prior client referrals per the program's requirements.

**RFA's Chief Compliance Officer, Sonja Larimore, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

2. Charles Schwab & Co., Inc.

RFA may recommend that clients establish brokerage accounts with the *Schwab* Institutional division of *Schwab*, to maintain custody of clients' assets and to effect trades for their accounts. RFA is independently owned and operated and not affiliated with *Schwab*. *Schwab* provides RFA with access to its institutional trading and custody services, which are not typically available to *Schwab* retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at *Schwab* Institutional, and are not otherwise contingent upon an advisor committing to *Schwab* any specific amount of business (assets in custody or trading). *Schwab*'s services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For RFA client accounts maintained in its custody, *Schwab* generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through *Schwab* or that settle into *Schwab* accounts.

*Schwab* also makes available to RFA other products and services that benefit RFA but may not benefit its clients' accounts. Some of these other products and services assist RFA in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts.), provide research, pricing information, and other market data, facilitate payment of RFA's fees from its clients' accounts, and assist with back-office functions, recordkeeping and other client reporting. Many of these services generally may be used to service all or a substantial number of RFA's accounts, including accounts not maintained at *Schwab* Institutional. *Schwab* Institutional also makes available to RFA other services intended to help RFA manage and further develop its business enterprise. These services may include consulting, publications, and conference on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, *Schwab* may make available, arrange and/or pay for these types of services rendered to RFA by independent third parties. *Schwab* Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to RFA. While as a fiduciary, RFA endeavors to act in its clients' best interests, RFA's recommendation that clients maintain their assets in accounts at *Schwab* may be based in part on the benefit to RFA of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by *Schwab*, which may create a potential conflict of interest.

**RFA's Chief Compliance Officer, Sonja Larimore, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

*Schwab* Referrals

RFA receives client referrals from *Schwab* through RFA's participation in Schwab Advisor Network™ ("the Service"), designed to help investors find an independent investment

advisor. Schwab is a broker-dealer independent of and unaffiliated with RFA. Schwab does not supervise RFA and has no responsibility for RFA's management of clients' portfolios or RFA's other advice or services. RFA pays Schwab fees to receive client referrals through the Service. RFA's participation in the Service may raise potential conflicts of interest described below.

RFA pays *Schwab* a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by RFA is a percentage of the fees owed by the client to RFA or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. RFA pays *Schwab* the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to RFA quarterly and may be increased, decreased or waived by *Schwab* from time to time. The Participation Fee is paid by RFA and not by the client. RFA has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs RFA charges clients with similar portfolios (pursuant to RFA's standard fee schedule as in effect from time to time) who were not referred through the Service.

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

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

For accounts of RFA's clients maintained in custody at *Schwab*, *Schwab* will not charge the client separately for custody but will receive compensation from RFA's clients in the form of commissions or other transaction-related compensation on securities trades executed through *Schwab*. *Schwab* also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades to be executed through *Schwab* rather than another broker-dealer. RFA nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at *Schwab* may be executed through a different broker-dealer than trades for RFA's other clients. Thus, trades for accounts custodied at *Schwab* may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

**RFA's Chief Compliance Officer, Sonja Larimore, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

## **INTERNATIONAL ACCOUNTS**

#### InteractiveBrokers

To service its international clientele, primarily non-US expats, RFA utilizes *InteractiveBrokers*, a US based provider to independent investment advisors. *InteractiveBrokers* is a product neutral platform, enabling investment advisors to gain access to equities, fixed income, mutual funds and/or ETF's, on a number of stock exchanges throughout the world, as well as a cash account. The *InteractiveBorkers* platform also provides investors online access to monitor their accounts. As is true for the RFA's US operations, all international clients shall be required to execute a separate written agreement with *InteractiveBrokers* to establish an account, which agreement shall vest the RFA with discretionary trading authority over the client's account(s). In addition to RFA's fees, *InteractiveBrokers* charges an additional \$10 fee per account per month. Generally, *InteractiveBrokers* will waive the fee for those accounts with a balance is more than \$100,000, or the account generates \$10 in commissions and fees.

**RFA's Chief Compliance Officer, Sonja Larimore, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

#### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, RFA may receive from *Ameritrade* and/or *Schwab* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist RFA to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by RFA may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by RFA in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist RFA in managing and administering client accounts. Others do not directly provide such assistance, but rather assist RFA to manage and further develop its business enterprise.

RFA's clients do not pay more for investment transactions effected and/or assets maintained at *Ameritrade* and/or *Schwab* as a result of this arrangement. There is no corresponding commitment made by RFA to *Ameritrade* and/or *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**RFA's Chief Compliance Officer, Sonja Larimore, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**



3. **As Disclosed Above:** RFA may receive future client referrals from *Schwab* for its participation in the Schwab Advisor Network™.

**RFA's Chief Compliance Officer, Sonja Larimore, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

4. RFA does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and RFA will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by RFA. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs RFA to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through RFA.

**RFA's Chief Compliance Officer, Sonja Larimore, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

B. To the extent that RFA provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless RFA decides to purchase or sell the same securities for several clients at approximately the same time. RFA may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among RFA's client's differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. RFA shall not receive any additional compensation or remuneration as a result of such aggregation.

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

A. For those clients to whom RFA provides investment supervisory services, account reviews are conducted on an ongoing basis by RFA's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise RFA of any changes in their investment objectives and/or financial situation. All clients (in person, via telephone or video calls) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with RFA on an annual basis.

B. RFA can conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. RFA may also provide a written periodic report summarizing account activity and performance.

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

A. As indicated at Item 12 above, RFA may receive from *Ameritrade* and/or *Schwab* without cost (and/or discount), support services and/or products.

RFA's clients do not pay more for investment transactions effected and/or assets maintained at *Ameritrade* and/or *Schwab* as a result of this arrangement. There is no corresponding commitment made by RFA to *Ameritrade* and/or *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

*SmartAsset Advisors, LLC*

RFA may enter into solicitation agreements pursuant to which it compensates third-party intermediaries for client referrals that result in the provision of investment advisory services by RFA. RFA 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 RFA may receive compensation from RFA, 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 RFA and not by any affected client.

**RFA's Chief Compliance Officer, Sonja Larimore, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

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

#### **Item 15 Custody**

RFA has the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the

client accounts. RFA may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that RFA provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by RFA with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of RFA's advisory fee calculation.

RFA provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from RFA to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to annual surprise CPA examinations.

## **Item 16 Investment Discretion**

The client can determine to engage RFA to provide investment advisory services on a discretionary basis. Prior to RFA assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming RFA as the client's attorney and agent in fact, granting RFA full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage RFA on a discretionary basis may, at anytime, impose restrictions, **in writing**, on RFA's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe RFA's use of margin, etc.).

## **Item 17 Voting Client Securities**

A. Unless the client directs otherwise in writing, RFA shall be responsible for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client within one of RFA's portfolios. (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). RFA shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. RFA shall monitor corporate actions of individual issuers and investment companies consistent with RFA fiduciary duty to vote proxies in the best interests of its clients. Although the factors which RFA will consider when determining how it will vote differ on a case by case basis, they may, but are not be limited to, include the following a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, RFA may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), RFA may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. RFA shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how RFA voted on any specific proxy issue is also available upon written request. Requests should be made by contacting RFA's Chief Compliance Officer, Sonja Larimore.

B. As set forth in Item 17.A above, RFA votes client proxies.

**Item 18          Financial Information**

- A.      RFA does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B.      RFA is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C.      RFA has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: RFA's Chief Compliance Officer, Sonja Larimore, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**