

**SUMMIT FINANCIAL STRATEGIES, INC.**

7965 N. High St. #350, Columbus, OH 43235

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[www.summitfin.com](http://www.summitfin.com)

# Form ADV Part 2A

**FIRM BROCHURE . March 21, 2022**

This brochure provides information about the qualifications and business practices of Summit Financial Strategies, Inc. If you have any questions about the contents of this brochure, please contact us at (614) 885-1115 or [summitfinancial@summitfin.com](mailto:summitfinancial@summitfin.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Summit Financial Strategies, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Material Changes

Since the March 1, 2021, Annual Amendment filing, this brochure has been materially amended as follows:

- At Item 4 to indicate the firm's managing principals.
- At Item 4 to enhance disclosure regarding retirement plan rollovers.
- At Item 5 to revise the minimum advisory fee in our wealth management program.
- Item 10 has been updated to indicate that Summit is no longer affiliated with a CPA.

## Table of Contents

Material Changes	2
Advisory Business	4
Fees and Compensation	10
Performance-Based Fees and Side-by-Side Management	12
Types of Clients	12
Methods of Analysis, Investment Strategies and Risk of Loss	13
Disciplinary Information	15
Other Financial Industry Activities and Affiliations	15
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Brokerage Practices	16
Review of Accounts	19
Client Referrals and Other Compensation	19
Custody	19
Investment Discretion	20
Voting Client Securities	20
Financial Information	20

## Advisory Business

### Summit's History

Summit Financial Strategies, Inc. (Summit) is a corporation formed on July 20, 1994, in the State of Ohio. Summit registered as an investment adviser in November 1995.

Summit's managing principals are Samantha Macchia, Brian Sutliff, Liam Hurley, Wendy Trout, Michael Scherer and Timothy Swain.

### Types of Advisory Services Summit Offers

Summit is a Fee-Only firm, and Advisors sign a Fiduciary Oath to act in its clients' best interests at all times. As discussed in the Fees and Compensation section, Summit offers to its clients investment advisory services, and, *to the extent specifically requested by a client*, wealth management services, which include investment advisory, financial planning and eSummit services.

#### Investment advisory services

Before engaging Summit to provide investment advisory services, clients are generally required to enter into an agreement with Summit setting forth the terms and conditions of the engagement. The client can engage Summit to provide discretionary or non-discretionary investment advisory services on a Fee-Only basis. Summit's annual investment advisory fee is recalculated annually and based upon a percentage of the market value of the assets placed under Summit's management as follows:

Market value of portfolio	Percent of assets
Up to \$1,000,000	0.75
\$1,000,001 to \$2,000,000	0.65
\$2,000,001 to \$3,000,000	0.55
\$3,000,001 to \$4,000,000	0.45

\$4,000,001 to \$5,000,000	0.35
\$5,000,001 +	0.25

#### Wealth management services (investment advisory + planning)

Before engaging Summit to provide wealth management services (bundled investment advisory and financial planning services), clients are generally required to enter into an agreement with Summit setting forth the terms and conditions of the engagement. Summit's annual fee for wealth management is comprised of an asset-based fee in accordance with the fee schedule shown above for investment advisory services, plus a flat financial planning fee based on the client's net worth (recalculated annually) as follows:

Total net worth	Financial planning fee
Up to \$1,000,000	\$2,500
\$1,000,001 to \$1,500,000	\$3,000
\$1,500,001 to \$2,000,000	\$3,500
\$2,000,001 to \$2,500,000	\$4,000
\$2,500,001 to \$3,000,000	\$4,500
\$3,000,001 to \$3,500,000	\$5,000
\$3,500,001 to \$4,000,000	\$5,500
\$4,000,001 to \$4,500,000	\$6,000
\$4,500,001 to \$5,000,000	\$6,500
\$5,000,001 +	Negotiable

#### Financial planning services (stand-alone)

Before engaging Summit to provide financial planning services, clients are generally required to enter into an agreement with Summit setting forth the terms and conditions of the engagement. *To the extent requested by a client*, Summit may provide financial planning services (such as estate planning,

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insurance planning and tax planning) on a stand-alone separate fee basis. Summit's planning and consulting fees are based upon the client's net worth (recalculated annually) as follows:

Total net worth	Financial planning fee
Up to \$1,000,000	\$8,500
\$1,000,001 to \$1,500,000	\$9,000
\$1,500,001 to \$2,000,000	\$9,500
\$2,000,001 to \$2,500,000	\$10,000
\$2,500,001 to \$3,000,000	\$10,500
\$3,000,001 to \$3,500,000	\$11,000
\$3,500,001 to \$4,000,000	\$11,500
\$4,000,001 to \$4,500,000	\$12,000
\$4,500,001 to \$5,000,000	\$12,500
\$5,000,001 +	Negotiable

**Financial planning restart premium.** If a client elects to terminate and then restart financial planning services, Summit reserves the right to charge a restart premium. The following fees are based upon the date from which the client last contracted for financial planning services: 50% if restart is less than or equal to 12 months; 75% if restart is 13 to less than or equal to 24 months; 100% if restart is greater than 24 months.

### eSummit services

Before engaging Summit to provide eSummit services, clients are generally required to enter into an Agreement with Summit setting forth the terms and conditions of the engagement (including termination) and describing the scope of the services to be provided and the portion of the fee that is due from the client before Summit commences services. The client can engage Summit to provide discretionary eSummit services on a Fee-Only basis. Summit's annual eSummit fee is recalculated annually and based upon a percentage of the market value of the assets placed under Summit's management as follows:

Market value of portfolio	Percent of assets
Up to \$1,000,000	0.75
\$1,000,001 to \$2,000,000	0.65
\$2,000,001 to \$3,000,000	0.55
\$3,000,001 to \$4,000,000	0.45
\$4,000,001 to \$5,000,000	0.35
\$5,000,001 +	0.25

### Implementation Services

To the extent requested by the client, Summit may provide implementation services regarding non-investment related matters, such as estate planning, tax planning, and insurance planning. Neither Summit nor any of its representatives serve as an attorney or licensed insurance agent, and no portion of Summit's services should be construed as legal or accounting services.

If requested by the client, Summit may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any recommended professional (for example, attorneys, accountants, and insurance agents). The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from Summit.

- If the client engages any professional, recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged professional(s), and not Summit, shall be responsible for the quality and competency of the services provided. Clients are responsible for promptly notifying Summit if there is ever any change in their financial situation or investment objectives so that Summit can review, and if necessary, revise its previous recommendations or services.

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## Service limitations

### Non-discretionary service limitations.

Clients that determine to engage Summit on a non-discretionary investment advisory basis must be willing to accept that Summit cannot effect any account transactions without obtaining the client's consent. For instance, although Summit does not recommend market timing as an investment strategy, in the event of a market correction event where the firm cannot reach the client, a client may suffer investment losses or miss potential investment gains.

**Client obligations.** In performing its services, Summit is not 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/their responsibility to promptly notify Summit if there is ever any change in his/her/their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Summit's previous recommendations and/or services.

**Cash Positions.** In certain instances, including at the direction of the client and/or in anticipation of client cash withdrawal needs, Summit may maintain cash and cash equivalent positions (such as money market funds, etc.) in a client's investment account. Unless otherwise agreed in writing, all such cash positions are included as part of assets under management for purposes of calculating Summit's advisory fee.

**Portfolio Activity.** Summit has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Summit will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Summit determines that changes to a client's portfolio are neither

necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity. Notwithstanding, there can be no assurance that investment decisions made by Summit will be profitable or equal any specific performance level(s).

### Use of Mutual Funds and Exchange Traded Funds.

While Summit may recommend allocating investment assets to mutual funds and exchange traded funds ("ETFs") that are not available directly to the public, Summit may also recommend that clients allocate investment assets to publicly-available mutual funds and ETFs that the client could obtain without engaging Summit as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds and ETFs without engaging Summit as an investment adviser, the client or prospective client would not receive the benefit of Summit's initial and ongoing investment advisory services. Some mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. Summit may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of Summit's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

**eMoney.** Summit may provide its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney"). The eMoney platform allows a client to view their complete asset allocation, including those assets that Summit does not manage (the "Excluded Assets"). Summit does not provide investment management, monitoring, or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, Summit's service relative to the Excluded Assets is limited to reporting only. Therefore, Summit shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Summit, shall be exclusively responsible for such investment performance. Without limiting the above, Summit shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded

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Assets. The client may choose to engage Summit to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Summit and the client. The eMoney platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Summit. Finally, Summit shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Summit's assistance or oversight.

**Retirement Plan Rollovers.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Summit recommends that a client roll over their retirement plan assets into an account to be managed by Summit, such a recommendation creates a conflict of interest if the Registrant will earn a new (or increase its current) advisory fee as a result of the rollover. If Summit provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Summit is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by Summit, whether it is from an employer's plan or an existing IRA.

### Imposed Investment Restrictions

Summit provides investment advisory services specific to the needs of each client. To begin the investment advisory process, an Adviser will first determine each client's

investment objectives and then invest client's assets consistent with their investment objectives. Once allocated, Summit provides ongoing monitoring of account performance and asset allocation as compared to the client's investment objectives and may periodically rebalance an account based upon these reviews. The client may, at anytime, impose reasonable restrictions, in writing, on Summit's services.

### Institutional Intelligent Portfolios™

#### (eSummit)

#### Overview

When consistent with a client's investment objectives, Summit may determine to provide portfolio management services through "eSummit", an automated investment program through which clients are invested in a range of investment strategies Summit has constructed and manage, each consisting of a portfolio of ETFs and a cash allocation. The client may instruct Summit to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). Summit uses the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the eSummit. Summit is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). Summit, and not Schwab, is the client's investment adviser and primary point of contact with respect to the eSummit. As between Summit and Schwab, Summit is solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. Summit has contracted with SPT to provide Summit with the Platform, which consists of technology and related trading and account management services for

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the eSummit. The Platform enables Summit to make the eSummit available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps Summit determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that Summit will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but Summit then makes the final decision and selects a portfolio based on all the information it has about the client. The System also includes an automated investment engine through which Summit manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Summit charges clients a fee for its services as described below under Item 5, Fees and Compensation. Summit's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the eSummit. Schwab does receive other revenues in connection with the Program, which are described below under Item 5, Fees and Compensation.

eSummit is designed to provide guidance and professional assistance to individuals who are beginning the process of accumulating wealth. Clients will have access to their accounts and a financial interface online. eSummit is more limited than Summit's other investment advisory services. For example, the investment options available in eSummit are limited to ETFs, whereas Summit recommends various other types of securities to its other clients. Clients in the eSummit generally pay a lower advisory fee too. eSummit's fee may be higher (or lower) than those charged by other investment advisers

offering similar services.

### **Rebalancing**

The System will rebalance a client's account periodically by generating instructions to CS&Co to buy and sell shares of ETFs and depositing or withdrawing funds through the "Sweep Program", considering the asset allocation for the client's investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an ETF varies by a set parameter established by Summit, (ii) Summit decides to change the ETFs or their percentage allocations for an investment strategy or (iii) Summit decides to change a client's investment strategy, which could occur, for example, when a client makes changes to their investment profile or imposes or modifies restrictions on the management of their account. Accounts below \$5,000 may deviate farther than the set parameters as well as the target allocation of the selected investment profile. Rebalancing below \$5,000 may impact the ability to maintain positions in selected asset classes due to the inability to buy or sell at least one share of an ETF. For example, withdrawal requests may require entire asset classes to be liquidated to generate and disburse the requested cash.

### **Sweep Program**

Each investment strategy involves a cash allocation ("Cash Allocation") that will be held in a sweep program at Charles Schwab Bank (the "Sweep Program"). For eSummit clients, the Cash Allocation will be a minimum of 4% of an account's value to be held in cash, and may be higher, depending on the investment strategy chosen for a client. The Cash Allocation will be accomplished through enrollment in the Sweep Program, a program sponsored by CS&Co. By selecting CS&Co as the client's qualified custodian, clients consent to having the free credit balances in

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their brokerage accounts at CS&Co swept into deposit accounts ("Deposit Accounts") at Charles Schwab Bank ("Schwab Bank") through the Sweep Program. Schwab Bank is an FDIC-insured depository institution that is a Schwab affiliate. If the Deposit Account balances exceed the Cash Allocation for a client's investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If clients request cash withdrawals from their accounts, this likely will require the sale of ETF positions in their accounts to bring their Cash Allocation in line with the target allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital gains (or losses) for tax purposes. In accordance with an agreement with CS&Co, Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index.

### Nonparticipation in Wrap Fee Programs

Summit does not sponsor a wrap fee program.

### Amount of Assets Summit Manages

As of December 31, 2021, Summit had \$1,413,920,116 in assets under management on a discretionary basis and \$306,479,823 in assets under management on a non-discretionary basis, for a total of \$1,720,399,939 in assets under management.

## Fees and Compensation

### Summit's Fees

A client can engage Summit to provide discretionary and/or non-discretionary investment advisory services, discretionary eSummit services, and, to the extent specifically requested by a client, wealth management services, which include investment advisory and financial planning services. Summit is a Fee-Only firm and does not accept any other sources of revenue, such as commissions.

#### Investment advisory services

If a client engages Summit to provide discretionary and/or non-discretionary investment advisory services on a Fee-Only basis, Summit's annual investment advisory fee is based upon a percentage of the market value and type of assets placed under Summit's management (recalculated annually, except in special circumstances as agreed upon by both Summit and the client) as follows:

Market value of portfolio	Percent of assets
Up to \$1,000,000	0.75
\$1,000,001 to \$2,000,000	0.65
\$2,000,001 to \$3,000,000	0.55
\$3,000,001 to \$4,000,000	0.45
\$4,000,001 to \$5,000,000	0.35
\$5,000,001 +	0.25

#### Wealth management services (investment advisory + planning)

If a client engages Summit to provide discretionary and/or non-discretionary investment advisory services and financial planning services on a bundled fee basis, Summit's annual fee is comprised of an asset-based fee in accordance with the fee schedule shown above for investment advisory services, plus a flat financial planning fee based on the client's net worth (recalculated annually) as follows:

Total net worth	Financial planning fee
Up to \$1,000,000	\$2,500
\$1,000,001 to \$1,500,000	\$3,000
\$1,500,001 to \$2,000,000	\$3,500
\$2,000,001 to \$2,500,000	\$4,000
\$2,500,001 to \$3,000,000	\$4,500
\$3,000,001 to \$3,500,000	\$5,000
\$3,500,001 to \$4,000,000	\$5,500
\$4,000,001 to \$4,500,000	\$6,000
\$4,500,001 to \$5,000,000	\$6,500
\$5,000,001 +	Negotiable

#### Financial planning services (stand-alone)

*To the extent specifically requested by a client, Summit may offer financial planning and/or consulting services (including non-investment related matters, such as estate planning, insurance planning, and tax planning) on a stand-alone fee basis. Summit's financial planning fees are based upon the client's net worth (recalculated annually) as follows:*

Total net worth	Financial planning fee
Up to \$1,000,000	\$8,500
\$1,000,001 to \$1,500,000	\$9,000
\$1,500,001 to \$2,000,000	\$9,500
\$2,000,001 to \$2,500,000	\$10,000
\$2,500,001 to \$3,000,000	\$10,500
\$3,000,001 to \$3,500,000	\$11,000
\$3,500,001 to \$4,000,000	\$11,500
\$4,000,001 to \$4,500,000	\$12,000
\$4,500,001 to \$5,000,000	\$12,500
\$5,000,001 +	Negotiable

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**Financial planning restart premium.** If a client elects to terminate and then restart financial planning services, Summit reserves the right to charge a restart premium. The following fees are based upon the date from which the client last contracted for financial planning services: 50% if restart is less than or equal to 12 months; 75% if restart is 13 to less than or equal to 24 months; 100% if restart is greater than 24 months.

### eSummit services

If a client engages Summit to provide discretionary eSummit services on a Fee-Only basis, Summit's annual eSummit fee is based upon a percentage of the market value and type of assets placed under Summit's management (recalculated annually, except in special circumstances as agreed upon by both Summit and the client) as follows:

Market value of portfolio	Percent of assets
Up to \$1,000,000	0.75
\$1,000,001 to \$2,000,000	0.65
\$2,000,001 to \$3,000,000	0.55
\$3,000,001 to \$4,000,000	0.45
\$4,000,001 to \$5,000,000	0.35
\$5,000,001 +	0.25

As described above, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co as part of the eSummit. Schwab does receive other revenues in connection with the eSummit. Specifically, Schwab Bank® earns interest revenue on the cash in eSummit accounts. Also, Schwab affiliates can earn revenue from the underlying assets in eSummit accounts. This revenue comes from managing Schwab ETFs™ and providing services relating to third-party ETFs that Adviser may select for the portfolios. Finally, Schwab may receive payments from the trading firms and exchanges where ETF trades are routed for execution.

### Minimum annual fees

Summit generally requires an annual minimum fee of \$2,500 for investment advisory services; \$10,000 for wealth management services (which includes investment advisory and financial planning services); \$8,500 for financial planning services only; and \$500 for eSummit. Summit, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum fee requirement based upon certain criteria. These criteria include anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or negotiations with client. **Please Note:** If a client is subject to a minimum fee amount, then that client's effective annual fee rate may exceed the rates listed in the above fee schedules, depending on the amount of assets placed under Summit's management.

### How and When Clients Pay Fees

Summit's annual investment advisory and financial planning fees are prorated and paid quarterly, in advance. Investment advisory fees are based upon the market value of the client's assets and financial planning fees are based upon the client's net worth. Both fees are calculated annually at the time of contract renewal, except in special circumstances as agreed upon by both Summit and the client.

Clients may elect to have Summit's fees deducted from their investment accounts. Both Summit's agreement and the custodian's account applications may authorize the custodian to debit the account for the amount of Summit's fee and to directly remit the management fee to Summit in compliance with regulatory procedures.

If Summit bills clients directly, payment is due upon receipt of invoice. Summit reserves the right to automatically withdraw fees from client accounts if invoices remain unpaid 90 days after the invoice date, Summit will sell securities within a client's account in the

event there is insufficient cash in the client's account to pay its fee. If funds are not available to withdraw, an interest charge may be imposed at a rate of 1.5% per month (18% per annum) retroactive to 30 days after the original invoice date.

## Other Fees and Expenses Paid to Custodians and for Products

As discussed below, unless the client directs otherwise or an individual client's circumstances require, Summit generally recommends that Charles Schwab & Co., Inc. (Schwab) and/or Fidelity Investments (Fidelity) serve as the broker-dealer/custodian for client investment management assets.

Broker-dealers such as Schwab and Fidelity charge brokerage commissions and/or transaction fees for making certain securities transactions in accordance with their respective brokerage commission and transaction fee schedules (that is, transaction fees are charged for certain mutual fund purchases, commissions may be charged for certain individual equity transactions, and mark-ups and mark-downs may be charged for certain fixed income transactions). In addition, client accounts may invest in mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by Summit. When beneficial to the client, individual fixed-income and/or equity transactions may be executed through broker-At dealers with whom Summit 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 Schwab or Fidelity).

## Return of Unearned Fees upon Termination

The agreement between Summit and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the agreement. Upon termination, Summit will refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing year.

## No Compensation for Selling Products

Neither Summit nor its Advisors accept compensation from the sale of securities or other investment products.

## Performance-Based Fees and Side-by-Side Management

Neither Summit nor its Advisors accept performance-based fees.

## Types of Clients

Summit's clients generally include individuals, business entities, trusts, estates, and charitable organizations. Summit generally requires an annual minimum fee of \$2,500 for investment advisory services; \$10,000 for wealth management services (which includes investment advisory and financial planning services); \$8,500 for financial planning services only; and \$500 for eSummit. Summit, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum fee requirement based upon certain criteria. These criteria include anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or negotiations with client. **Please Note:** If a client is subject to a minimum fee amount, then that client's effective annual fee rate may exceed the rates listed in the above fee schedules, depending on the amount of assets placed under Summit's management.

## Methods of Analysis, Investment Strategies and Risk of Loss

Summit primarily allocates (or recommends that the client allocate) client investment assets among various mutual funds, cash equivalents, individual equity and fixed income securities, and/or exchange traded funds (ETFs) on a discretionary or non-discretionary basis in accordance with the client's designated investment objectives.

### Methods of Security Analysis and Investment Strategies

Summit may use the following methods of security analysis:

- Fundamental—analysis performed on historical and present data, with the goal of making financial forecasts.
- Cyclical—analysis performed on historical relationships between price and market trends, to forecast the direction of prices.

Summit may use the following investment strategies when implementing investment advice given to clients (see expanded descriptions below):

- Long-term purchases—securities held at least a year
- Short-term purchases—securities sold within a year
- Trading—securities sold within 30 days
- Short sales—contracted sale of borrowed securities with an obligation to make the lender whole
- Margin transactions—use of borrowed assets to purchase financial instruments
- Options—contract for the purchase or sale of a security at a predetermined price during a specific period of time.

### Investment risk

Currently, Summit primarily allocates (or recommends that the client allocate) client investment assets among various mutual funds, cash equivalents, individual equity and fixed income securities, and/or exchange traded funds (ETFs) on a discretionary or non-discretionary basis in accordance with the client's designated investment objectives.

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 Summit) will be profitable or equal any specific performance level(s).

### Risk of Loss

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

### Methods of analysis

Every method of analysis has its own inherent risks. To perform an accurate market analysis, Summit must have access to current/new market information. Summit has no control over the dissemination rate of market information. Therefore, unbeknownst to Summit, certain analyses may be compiled with outdated market information, severely limiting the value of Summit's analysis. 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.

### Types of investment strategies

#### **Long- and short-term purchases.**

Summit's primary investment strategy is long-term purchases. However, every investment strategy has its own inherent risks and limitations. For example, long-term investment strategies require a longer



investment time period to allow for the strategy to potentially develop. Short-term investment strategies require a shorter investment time period to potentially develop; however, as a result of more frequent trading, it may incur higher transactional costs when compared to a longer term investment strategy.

In addition to long- and short-term purchases, Summit may also implement and/or recommend short selling, use of margin, and/or options transactions at the direction of the client. Each of these strategies has a high level of inherent risk (see discussion below).

**Short selling.** Summit will only engage in short selling at the direction of the client. Short selling is an investment strategy with a high level of inherent risk. Short selling involves selling assets that the investor does not own. The investor borrows the assets from a third party lender (that is, broker-dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

**Margin.** Summit does not recommend the use of margin. Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments or access cash. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Although clients may retain the ability to use margin, Summit does not use margin for investment purposes and does not recommend its use by clients.

The terms and conditions of each margin loan are contained in a separate agreement between the client and the margin lender

selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral or repay the margin loan if the Lender determines that the value of collateralized securities is no longer sufficient to support the value of the margin loan; the risk that the margin lender may liquidate the client's securities to satisfy its demand for additional collateral or repayment; the risk that the margin lender may terminate the margin loan at any time. Before agreeing to participate in an margin loan program, clients should carefully review the applicable margin loan agreement and all risk disclosures provided by the Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing "margin calls" and liquidating securities and other assets in the client's accounts. The following describes some of the risks associated with margin loan, which Registrant recommends that clients consider before participating in a margin loan program:

To the extent that a client utilizes margin, the market value of the client's account and corresponding fee payable by the client to Summit may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients directing the use of margin are advised that use of margin *may* correspondingly increase the management fee payable to Summit. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

**Options.** Summit will only engage in derivative transactions at the direction of the client. The use of options 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 Summit is made with the intent of offsetting/hedging a potential market risk in a client's portfolio.

- Options-related transactions may 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, a client may direct Summit, in writing, not to employ any or all such strategies for his/her/their accounts

**ETF General Risks.** ETFs in which eSummit may invest involve certain inherent risks generally associated with investments in a portfolio of securities, including the risk that the general level of security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. ETFs in which the strategies invest have their own fees and expenses as set forth in the ETF prospectuses. ETFs may have exposure to derivative instruments, such as futures contracts, forward contracts, options, and swaps. There is a risk that a derivative may not perform as expected. The main risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty may fail to honor its contract terms, causing a loss for the ETF. Use of these instruments may also involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so. Some ETFs available, including Schwab ETFs™, are less

than 10 years old. Accordingly, there is limited data available to use when assessing the investment risk of some of these ETFs. As a result, one or more of the following may occur: (i) poor liquidity in or limited availability of the ETFs, or (ii) lack of market depth causing the ETFs to trade at excessive premiums or discounts.

## Disciplinary Information

Summit has not been the subject of any disciplinary actions.

## Other Financial Industry Activities and Affiliations

Neither Summit nor its Advisors are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Summit nor its Advisors are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or representative of the foregoing.

*Summit's Chief Compliance Officer, Timothy W. Swain, remains available to address any questions that a client or prospective client may have regarding the above arrangement.*

Summit does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.

Summit does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

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

SUMMIT FINANCIAL STRATEGIES, INC

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## Summit's Code of Ethics

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

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

## Participation or Interest in Client Transactions

Neither Summit nor any employees of Summit recommend, buy, or sell for client accounts securities in which Summit or its employees have a material financial interest.

## Personal Trading

Summit and/or its employees may buy or sell securities that are also recommended to clients. This practice may create a situation where Summit and/or its employees are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as scalping (that is, 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 Summit did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading; front-running (that is, personal trades executed before those of Summit's clients); and other potentially abusive practices.

Summit has a personal securities transaction policy in place to monitor the personal

securities transactions and securities holdings of each of its employees. Summit's securities transaction policy requires that Summit employees must provide the Chief Compliance Officer or his/her designee with a report of their current securities holdings within 10 days after becoming an employee and quarterly thereafter. Additionally, each employee must provide the Chief Compliance Officer or his/her designee with a report of the employee's current securities holdings at least once each 12-month period thereafter on a date Summit selects.

Summit and/or its employees may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Summit and/or its employees are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above, Summit has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of its employees.

## Brokerage Practices

### Summit's Recommendations of Brokerage Firms

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

Factors that Summit considers in

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recommending Schwab and/or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with Summit, financial strength, reputation, execution capabilities, pricing, research, and service.

Although the commissions and/or transaction fees paid by Summit's clients comply with Summit's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction when Summit determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Summit 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, Summit's investment management fee. Summit'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.

*Summit's Chief Compliance Officer, Timothy W. Swain, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflicts of interest such arrangement creates.*

#### **Non-soft dollar research and benefits**

Summit receives from Schwab, Fidelity and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment

managers, vendors, or fund sponsors) free or discounted support services and products. Certain of these products and services assist Summit to better monitor and service client accounts maintained at these institutions. The support services that Summit obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by Summit to further its investment management business operations.

Schwab Advisor Services is Schwab's business serving independent investment advisory firms. Schwab Advisor Services provides Summit and our clients with access to its institutional brokerage-trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, it may charge us quarterly service fees of \$1,200. A more detailed description of Schwab's support services follows:

#### **Services that may not directly benefit you**

Schwab also makes available to Summit other products and services that benefit Summit but may not directly benefit you or your account. These products and services assist Summit in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available

software and other technology that

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting.

### Services that generally only benefit us

Schwab also offers other services intended to help Summit manage and further develop our business enterprise. These services include

- Educational conferences and events
- Technology, compliance, legal, and business consulting
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Summit. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide Summit with other benefits such as occasional business entertainment of our personnel.

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

Summit's clients do not pay more for investment transactions effected and/or assets maintained at Schwab because of this

arrangement. There is no corresponding commitment made by Summit to 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 because of the above arrangement.

*Summit's Chief Compliance Officer, Timothy W. Swain, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflicts of interest these arrangements create.*

### Client referrals

Summit does not receive referrals from broker-dealers.

### Directed brokerage

Summit 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 Summit will not seek better execution services or prices from other broker-dealers. As a result, clients 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.

- If the client directs Summit 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 Summit.

*Summit's Chief Compliance Officer, Timothy W. Swain, remains available to address any questions that a client or*

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*prospective client may have regarding the above arrangement and any corresponding conflicts of interest such arrangement creates.*

### **Trade aggregation**

To the extent that Summit provides investment management services to its clients, the transactions for each client account are made independently unless Summit decides to purchase or sell the same securities for several clients at approximately the same time. Summit may (but is not obligated to) combine or “bunch” orders to receive more favorable commission rates or to allocate equitably among its clients 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. Summit will not receive any additional compensation because of this practice.

### **Review of Accounts**

For those clients to whom Summit provides investment supervisory services, account reviews are conducted on an ongoing basis by Summit’s Advisors. All investment advisory clients are advised that it remains their responsibility to advise Summit of any changes in their investment objectives or financial situation. All clients (in person or via email or telephone) are encouraged to review their financial situation (to the extent applicable), investment objectives, and account performance with Summit annually.

### **Special Procedures upon a Major Market Change**

Summit may 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, significant market increases or decreases, or client request.

### **Portfolio Reports Summit Provides to Clients**

Clients are provided, at least quarterly, with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for their accounts. Summit may also provide a periodic report summarizing account activity and performance online via the client secure website.

### **Client Referrals and Other Compensation**

As referenced in the Brokerage Practices section, Summit receives economic benefits from Schwab and Fidelity.

Summit does not compensate, directly or indirectly, any person other than its employees for client referrals.

### **Custody**

It is Summit’s policy not to take physical custody of client accounts. In accordance with SEC regulations, Summit is considered to have custody of client securities because some clients have granted Summit online access to their accounts held outside of Schwab and Fidelity for the purpose of making transactions and obtaining account values on their behalf. This practice subjects the affected account(s) to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

In addition, some clients have signed standing letters of authorization, which allow Summit to transfer assets to a third-party account outside of Schwab and Fidelity. 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 an

annual surprise CPA examination.

At a client's consent, Summit may also have the ability to have its client fees debited by the custodian quarterly. At least quarterly, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for their accounts. Summit may also provide a periodic report summarizing account activity and performance online via the client secure website.

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

## Investment Discretion

The client can engage Summit to provide investment advisory services on a discretionary basis. Before Summit assumes discretionary authority over a client's account, the client is required to execute an Agreement, naming Summit as client's attorney and agent in fact, granting Summit 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 Summit on a discretionary basis may, at anytime, impose restrictions, in writing, on Summit's discretionary authority (for example, limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, and/or limit or proscribe Summit's use of margin).

## Voting Client Securities

Summit does not vote client proxies. Clients maintain exclusive responsibility for (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client are voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Summit to discuss any questions they may have with a particular solicitation.

Summit will not be responsible and each client has the right and responsibility to take any actions with respect to any legal proceedings, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities or other investments held in the client's account or the issuers thereof. Summit is not obligated to render any advice or take any action on a client's behalf with respect to securities or other property held in the client's account, or the issuers thereof, which become the subject of any legal proceedings, including without limitation, bankruptcies and shareholder litigation, to which any securities or other investments held or previously held in the account, or the issuers thereof, become subject.

## Financial Information

Summit does not solicit fees of more than \$1,200, per client, six months or more in advance.

Summit 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.

Summit has not been the subject of a



bankruptcy petition.

*Summit's Chief Compliance Officer,  
Timothy W. Swain, remains available to  
address any questions that a client or  
prospective client may have regarding the  
disclosures and arrangements contained in  
this ADV.*