

## Beacon Financial Strategies Corp.

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**March 3, 2022**

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This brochure provides information about the qualifications and business practices of Beacon Financial Strategies Corp. If you have any questions about the contents of this brochure, please contact us at 919-803-3801. 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 Beacon Financial Strategies is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Summary of Material Changes

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The Firm has not had any material changes since its last ADV Annual Update Amendment filed February 8, 2021.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 919-803-3801 or by email at [BFS@BeaconFinancialStrategies.com](mailto:BFS@BeaconFinancialStrategies.com).

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## Item 4: Advisory Business

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### Firm Description

Beacon Financial Strategies was founded in 2004. Principal owners are Nathan R. “Chip” Hymiller, III and Erin P. Campbell. As of December 31, 2021, Beacon Financial Strategies managed \$234,442,840 in assets on a discretionary basis and \$6,048,641 on a non-discretionary basis.

Beacon Financial Strategies provides four distinct types of advisory services to clients including: Net Worth Management, Investment Management, Tax Preparation and Corporate Sponsored Retirement Plan Consulting services. Descriptions of each type of service are as follows:

- Net Worth Management combines financial planning with ongoing investment management. As our most comprehensive service, it is ideal for those who would like an advisor to coordinate multiple aspects of their financial affairs and provide ongoing and proactive guidance.
- Investment Management is a service whereby Beacon Financial Strategies provides ongoing management of a client’s investment portfolio. Portfolios are invested in a manner that reflects each client’s investment preferences, risk tolerance and return objectives. Beacon Financial Strategies primarily utilizes no-load, open-end mutual funds and exchange traded funds (ETFs) when managing client portfolios. To a lesser extent, Beacon also utilizes individual stocks, stock options or bonds in client portfolios.
- Tax preparation services are generally provided as an additional service to those clients who engage Beacon Financial Strategies for Net worth or investment management services. In general, tax preparation services are not offered as a standalone service.
- Corporate sponsored retirement plan consulting services consist of providing plan level fiduciary services to retirement plan sponsors.

Beacon Financial Strategies is strictly a fee-only financial planning and investment management firm. While the firm does provide guidance to clients on many types of financial products, the firm does not receive sales commissions of any kind when recommending an investment or insurance product to clients.

Prospective clients can request a no-obligation introductory meeting or conference call. The initial meeting is free of charge and considered an exploratory interview to determine the extent to which financial planning and investment management services may be beneficial.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries 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. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

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## **Principal Owners**

The principal owners of Beacon Financial Strategies are Nathan R. "Chip" Hymiller, III and Erin P. Campbell.

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## **Types of Advisory Services**

Beacon Financial Strategies provides investment management and supervisory services, as well as, investment advice through both ongoing and introductory consultations.

On more than an occasional basis, Beacon Financial Strategies furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that can include estate planning.

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## **Tailored Relationships**

Advisory services are tailored to meet the specific needs and preferences of each client. Clients may impose restrictions on investing in certain securities or types of securities.

Beacon Financial Strategies, hereby acknowledges that it is a "fiduciary" when the firm's services are subject to the provisions of ERISA of 1974, as amended.

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## **Types of Engagements**

Beacon Financial Strategies offers the following types of engagements to clients:

- Investment Management Engagements
- Net Worth Management Engagements
- Corporate Sponsored Retirement Plan Consulting Engagements

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## **Investment Management Engagements**

Investment management is a service whereby Beacon Financial Strategies assists in the ongoing responsibility of managing a client's investment portfolio without financial planning.

When investing client portfolios, Beacon Financial Strategies primarily utilizes no-load mutual funds and exchange-traded funds. However, investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Clients retaining Beacon Financial Strategies for investment management services establish investment accounts with the institutional divisions of either TD Ameritrade or Charles Schwab & Co.

Both TD Ameritrade and Schwab Institutional customers receive monthly statements, trade confirmations and have web access capability. TD Ameritrade and Schwab provide Beacon Financial Strategies with daily downloads of client account information, as well as, a trading and research interface.

Beacon interacts directly with TD Ameritrade and Schwab Institutional to handle all investment and client service related matters. Beacon Financial Strategies is unaffiliated with TD Ameritrade and Charles Schwab and Co. and has the ability to utilize another custodian in the future should the need arise.

Investment management fees are tiered, billed on a quarterly basis and based on a percentage of the portfolio value managed by Beacon Financial Strategies based on the following schedule:

1.00% on the first \$2,000,000; and

0.50% on portfolio values exceeding \$2,000,000

There are no investment minimums for Beacon Financial Strategies' investment management service. However, there is a minimum quarterly fee of \$1,000 for this service.

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## **Net Worth Management Engagements**

Net Worth Management Engagements combine financial planning with ongoing investment management. As our most comprehensive service, it is ideal for those who would like an advisor to coordinate multiple aspects of their financial affairs and provide ongoing and proactive guidance.

Net Worth Management clients often consider Beacon their "most trusted advisor" and depend on our team to provide insight and advice in an ever-changing financial landscape. Net Worth Management Engagements are comprehensive in scope and can vary on a client-by-client basis. Services provided under this arrangement may generally include the following:

- Investment Portfolio Management
- Tax Planning
- Cash Flow, Debt Management and Budgeting
- Insurance Planning and Asset Protection Advice
- Retirement Distribution Planning
- Executive Stock Option Planning
- 401(K) Monitoring
- Net Worth Tracking
- Estate Planning, Coordination and Attorney Due Diligence
- Retirement Feasibility and Portfolio Sustainability Analyses

In our experience, clients tend to benefit greatly through our net worth management approach, which coordinates all elements of financial planning, tax planning and investment management into one service.

Fees for Net Worth Management are quoted upfront, fixed for one year and based on the value of a client's "assets at work." Assets at work would include all investment accounts including IRAs, 401(k) or other employer-sponsored retirement plans, personal investment or mutual fund accounts and variable annuities – any accounts that require advice and monitoring.

The fee rate for Net Worth Management starts at 1% and is tiered on asset levels that exceed \$1 million. There is a minimum quarterly fee of \$1,875 for this service.

***Tax Preparation and Filing Fees:*** For clients who utilize Beacon's Net Worth Management service, we offer tax preparation and filing as an add-on service. The cost of this service is dependent on the complexity of the client return and the amount of time spent on the return.

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### **Corporate Sponsored Retirement Plan Consulting Engagements**

Beacon Financial Strategies Corp. provides retirement plan fiduciary services directly to corporate retirement plan sponsors. The majority of these services are limited to advice concerning plan level investment decisions and processes, including menus, maintenance, and monitoring under Section 404(a) of ERISA. Beacon Financial Strategies Corp. provides investment management services on a non-discretionary basis to 401(k) plans under ERISA section 3(21)(A) and on a discretionary basis under ERISA section 3(38). For 401(k) plans, Beacon Financial Strategies Corp. may recommend appropriate mutual funds, or other investment vehicles in accordance with the plan's objectives and applicable ERISA requirements. Beacon Financial Strategies Corp. will assist the plan in its selection of money managers based on financial circumstances and investment objectives of the plan.

For plan-level fiduciary services under ERISA Section 404(a), fees vary based on the size and complexity of the plan and the needs of the plan sponsors, but generally range between 0.40% to 0.80% of plan assets with a \$10,000 minimum annual fee.

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### **Termination of Agreement**

A client may terminate any of the aforementioned agreements at any time by notifying Beacon Financial Strategies in writing. If the client made an advance payment, Beacon Financial Strategies will refund any unearned portion of the advance payment. Likewise, any fees earned, but not collected by Beacon Financial Strategies, will be due upon termination of the agreement.

Beacon Financial Strategies may terminate any of the aforementioned agreements at any time by notifying the client directly in writing, email or verbal correspondence. If the client made an advance payment, Beacon Financial Strategies will refund any unearned portion of the advance payment.

## **Item 5: Fees and Compensation**

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### **Description**

Beacon Financial Strategies bases its fees on a percentage of assets under management, fixed fees (not including subscription fees), project-related fees and occasionally hourly fees. Beacon's current hourly fee rate is \$350. Fees are based on the degree of complexity associated with the client's situation and the expected amount of time spent on the engagement. Fees are negotiable.

Beacon Financial Strategies has legacy clients under existing engagements that have different fee arrangements than those described above for engagements no longer offered by Beacon.

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### **Fee Billing**

The specific manner in which fees are charged by Beacon Financial Strategies is established in a client's written agreement with Beacon Financial Strategies. Beacon Financial Strategies will bill its fees in advance, generally on a quarterly basis. However, there are clients of Beacon Financial

Strategies whose fee billing is in arrears because their fees were being deducted in this manner prior to their adviser joining Beacon Financial Strategies and the firm has continued with the fee billing.

Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account and can elect to be billed directly for fees.

Accounts terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

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### **Other Fees**

While our only form of compensation is the payment received directly from clients, there are other fees that may be assessed to you that you should be made aware of. The custodian (Charles Schwab & Co., Inc. or TD Ameritrade Institutional) charges transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. Schwab and TD Ameritrade also charge clients for certain service-related transactions including executing federal funds wires and overnight mailing of checks. Schwab and TD Ameritrade clients are provided with a list of these incidental fees they may incur.

In addition, all mutual funds assess a management fee for their services as investment managers. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Beacon Financial Strategies, as a service and a responsibility to our clients, seeks to minimize these additional fees.

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### **Past due Accounts and Termination of Agreement**

Beacon Financial Strategies reserves the right to stop work on any account that is more than 30 days overdue. In addition, Beacon Financial Strategies reserves the right to terminate any engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Beacon Financial Strategies' judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

## **Item 6: Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Beacon Financial Strategies does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Item 7: Types of Clients

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### Description

Beacon Financial Strategies generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, corporations or other business entities.

Client relationships vary in scope and length of service. We do not impose account minimums on clients.

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

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### Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Beacon Financial Strategies may use include Morningstar, information gathered from the publicly available sources, as well as research provided by Charles Schwab & Company and TD Ameritrade.

### Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon their personal goals and objectives, time horizon, risk profile and financial stability all of which can change over time. Beacon Financial Strategies discourages market timing and encourages long term investing for its clients.

### Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9: Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## **Item 10: Other Financial Industry Activities & Affiliations**

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No Beacon Financial Strategies' employee is engaged in other financial activities or affiliations that would create a material conflict of interest.

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

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The employees of Beacon Financial Strategies have committed to act with the utmost integrity in all of our dealings and to minimize or avoid any conflicts of interest with our clients. The interest of our clients will always be placed ahead of the firm's or any employees' own investment interest.

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## **Participation or Interest in Client Transactions**

Beacon Financial Strategies and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. All employees must agree to comply with the provisions of the Beacon Financial Strategies Policies and Procedures Manual.

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## **Personal Trading**

The Chief Compliance Officer of Beacon Financial Strategies is Nathan R. “Chip” Hymiller, III. He reviews all employee trades each quarter. His trades are reviewed by Erin P. Campbell. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades, exchange-traded fund trades, or trades involving highly liquid stocks or bonds, the trades do not affect the securities markets.

## **Item 12: Brokerage Practices**

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### **Selecting Brokerage Firms**

For clients retaining Beacon Financial Strategies to provide investment management services, Beacon suggests that clients establish accounts with either the discount brokerage firm, Charles Schwab & Co., Inc. (Schwab), or TD Ameritrade registered broker-dealers, member SIPC, as the qualified custodian.

Schwab and TD Ameritrade will hold client assets in a brokerage account and buy and sell securities per our instructions. While we recommend that clients use Schwab or TD Ameritrade as custodian, the client will decide whether to do so and will open an account with Schwab or TD Ameritrade by entering into an account agreement directly with them. Beacon Financial Strategies may consider a number of factors when selecting a broker or dealer to affect a transaction, including its financial strength and stability, the efficiency with which the transaction will be effected, and the value of research products and services that a broker/dealer lawfully may provide to assist Beacon in the exercise of its investment discretion.

Beacon Financial Strategies is independently owned and operated and not affiliated with Schwab or TD Ameritrade. In addition, Beacon Financial Strategies does not receive fees or commissions from Schwab or TD Ameritrade.

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### **Best Execution**

Beacon Financial Strategies reviews the execution of trades at Charles Schwab & Co., Inc. and TD Ameritrade annually. The review is documented in the Beacon Financial Strategies Compliance Manual. Trading fees charged by Schwab and TD Ameritrade are also reviewed on an annual basis. Beacon Financial Strategies does not receive any portion of the trading fees.

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### **Research and Other Soft Dollar Benefits**

Because Beacon Financial Strategies’ client accounts are held by Charles Schwab & Co., Inc. or TD Ameritrade (custodians), they provide Beacon Financial Strategies with a number of services and benefits. These services generally are available to independent investment advisors on an

unsolicited basis, at no charge to them. The custodian'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.

The custodians also make available to Beacon Financial Strategies other products and services that benefit Beacon but may not benefit its clients' accounts. Some of these other products and services assist Beacon 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 Beacon's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of Beacon client accounts. Each custodian also makes available to Beacon other services intended to help Beacon manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab or TD Ameritrade may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Beacon.

As a fiduciary, Beacon Financial Strategies strives to act in its clients' best interests. However, Beacon's recommendation that clients maintain their assets in accounts at Schwab or TD Ameritrade may be based in part on the benefit to Beacon of the availability of some of the aforementioned products and services and not solely on the nature, cost or quality of custody and brokerage services provided by each custodian. There is a possibility that this fact may create a potential conflict of interest.

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### **Order Aggregation**

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

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

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### **Periodic Reviews**

For those accounts under an Investment Management or Net Worth Management engagements whereby Beacon Financial Strategies has discretionary trading authority, account reviews are performed no less frequently than semi-annually by Nathan R. "Chip" Hymiller, III. Account reviews are performed more frequently when market conditions, or client circumstances dictate.

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### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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## **Regular Reports**

Ongoing clients receive periodic communications typically on a quarterly basis. The written updates may include a net worth statement, portfolio statement, investment performance reviews and tax-related reports.

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

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### **Referrals**

Beacon Financial Strategies has been fortunate to receive many referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, personal friends or other similar sources. The firm does not compensate referring parties for these referrals.

In addition, Beacon Financial Strategies does not accept referral fees or any form of remuneration from other professionals as a result of providing these professionals with a referral.

## **Item 15: Custody**

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### **Account Statements**

All assets are held at a qualified custodian, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Beacon Financial Strategies.

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### **Net Worth Statements**

Clients are frequently provided net worth statements and net worth graphs that are generated from our client relationship management system. Net worth statements contain approximations of account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

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### **Direct Fee Deduction**

Beacon is deemed to have custody as a result of its authority to debit fees directly from client accounts. While Beacon is deemed to have custody as a result of its authority to debit fees directly from clients' accounts, the Firm follows the safeguards needed to avoid the annual surprise audit for custody due to direct fee deduction. Beacon always obtains the client's consent to directly debit its fee from a client's account, the account is held with an independent custodian, and the custodian sends out at least quarterly an account statement containing a reporting of the assets in the client's account.

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### **Standing Letters of Authorization**

For those client accounts for which Beacon maintains a standing letter of authorization (SLOA) on file with a qualified custodian to send funds or securities to a third party, Beacon is deemed to

have custody. Beacon follows the safeguards noted in the SEC No-Action Letter and therefore is not subject to a surprise annual audit.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

Beacon Financial Strategies accepts discretionary authority to manage securities accounts on behalf of clients. Discretionary trading authority facilitates placing trades in client accounts on their behalf so that we may promptly implement the client approved investment strategy. Beacon Financial Strategies has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used. The custodian notifies clients of the commission rates and other fees that are charged by the custodian. Beacon Financial Strategies does not receive any portion of the transaction fees or commissions paid by the client to the custodian on trades.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

Beacon Financial Strategies does not vote proxies for securities held in client accounts. There are older engagements the firm has that provide that the firm votes proxies on behalf of the client, but Beacon Financial Strategies no longer offers voting and the majority of clients are responsible for voting proxies for the securities in their account.

## **Item 18: Financial Information**

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### **Financial Condition**

A balance sheet is not required to be provided because Beacon Financial Strategies does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Beacon Financial Strategies does not have any financial condition that would impair its ability to meet contractual commitments to clients and has never been the subject of any bankruptcy at any time.