



# Disclosure Brochure

## (Part 2A of Form ADV)

March 14, 2023

Petra Financial Advisors, Inc.

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

**This Form ADV 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Petra Financial Advisors, Inc. (“Petra” or “the Adviser”). If you have any questions about the contents of this Disclosure Brochure, please contact the Adviser at 719-636-9000. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment adviser does not imply any specific level of skill or training.**

**Additional information about Petra Financial Advisors, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Petra is 107196.**

## ITEM 2 - SUMMARY OF MATERIAL CHANGES

### Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Adviser's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of Petra. For convenience, the Adviser has combined these documents into a single disclosure document.

Petra believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. Petra encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Adviser.

#### Material Changes

The following material changes have been made to this Disclosure Brochure since the last filing:

- The Advisor offers 3(21) Retirement Plan Advisory Services. Please see items 4 and 5 for additional information.
- Effective March 14, 2023, Crystal Karstens has been named Chief Compliance Officer of the Advisor.

#### Future Changes

From time to time, the Adviser may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

You may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Adviser's firm name or CRD# 107196. You may also request a copy of this Disclosure Brochure at any time by contacting the Adviser at (719) 636-9000 or by email at [petra@petrafinancial.com](mailto:petra@petrafinancial.com).

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## ITEM 4 - ADVISORY BUSINESS

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### Firm Description

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Petra Financial Advisors, Inc. (“Petra” or “the Adviser”), a Colorado corporation formed in 1993, had its registration granted by the U.S. Securities and Exchange Commission (“SEC”) on June 27, 1991.

Petra provides personal financial planning and investment management services to individuals, high net worth individuals, retirement plans, families, as well as any related entities, such as trusts, estates and family businesses and charitable organizations. Petra works with clients to identify and clarify financial objectives and develop a framework for reaching those objectives, some of which may include: cash flow management, tax planning, risk identification and management, education funding, retirement planning, estate planning, charitable giving, special needs planning, business succession, employee benefits, investment management and/or other issues specific to the client.

Petra’s compensation is solely from fees paid directly by clients. The Adviser does not receive any commission based on the client’s purchase of any financial product, including insurance. No commissions in any form are accepted.

Petra may recommend other professionals (e.g. lawyers, accountants, insurance agents, real estate agents, etc.) at the request of the client. Other professionals may be engaged directly by the client on an as-needed basis even when recommended by Petra. Any conflict of interest will be disclosed to the client and managed in the client’s best interest.

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### Principal Owners

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David Stephen Forbes (CRD Number 1069819) is Chairman. Jonathan Forbes (CRD Number 1069819) is President of the Adviser. David Forbes owns forty (40%) percent of the equity of the Adviser; Jonathan Forbes owns 20% of the Adviser, and The MAJ Trust dated August 8, 2008 owns 40% of the Adviser. The Adviser is not publicly owned or traded. Mr. Bill Walton is an indirect owner of the Adviser as the Trustee of The MAJ Trust.

Petra is operated by Jonathan Forbes (President), David Forbes (Chairman), and Crystal Karstens (Chief Compliance Officer).

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### Managed Assets

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As of December 31, 2022, the Adviser manages \$305,765,819 in client assets, of which \$302,054,422 are managed on a discretionary basis and \$3, 711,397 are managed on a non-discretionary basis. Clients may request more current information at any time by contacting the Adviser.

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### Types of Advisory Services

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Petra’s primary business is financial planning. Financial planning begins with identifying and clarifying the client’s financial objectives. Once the client’s goals have been identified a framework for the future is developed for reaching those objectives. The following are typical financial planning arrangements offered to clients:

#### **Lifetime Financial Planning**

This service includes financial planning, implementation and ongoing asset management and supervision services. Petra works with clients to identify and clarify current financial objectives and lifetime goals.

Petra then works with the client to develop a framework for reaching their current objectives in the context of their lifetime goals. This framework may include: cash flow management, tax planning, risk identification and management, education funding, retirement planning, estate planning, charitable giving, special needs planning, business succession, employee benefits, investment management and/or other issues specific to the client.

An initial written report with analysis of the client's current situation including goals and a recommended framework for the future is provided to each client. Once Petra's recommendations have been approved by the client, Petra guides each step of the implementation process allowing for the client to gain increased confidence along the way. Reviews of the client's plan are scheduled on a routine basis depending on the client's circumstances. In addition to these reviews, updates to the client's financial picture are gathered during ongoing communication between Petra and the client. With these updates progress toward the client's goals is noted as well as any changes that may trigger a plan review. Petra may also review areas of the client's plan more frequently and alert the client if immediate changes are recommended.

### **Financial Potential Report**

This service includes financial planning only. No implementation services or ongoing asset management services are provided. Financial planning may include: cash flow management, tax planning, risk identification and management, education funding, retirement planning, estate planning, charitable giving, special needs planning, business succession, employee benefits, investment management and/or other issues specific to the client. A written report of the client's current situation including their goals is provided to the client. Recommendations are given in each area specifically requested by the client.

### **Investment Management Service**

Petra offers investment supervisory services outside of financial planning. An Investment Policy Statement is created for each client at the beginning of their investment management relationship with Petra or for those clients using the SEI Platform, at the time they begin utilizing the SEI Platform. Based on the client's investment goals and risk tolerance an appropriate investment allocation is determined. The client's accounts are then invested and supervised based upon the guidelines established in the Investment Policy Statement.

Petra will select, recommend and/or retain mutual funds on a fund-by-fund basis. Due to specific custodial and/or mutual fund company constraints, material tax consideration, and/or systematic investment plans, Petra will select, recommend and/or retain a mutual fund share class that has higher internal expense ratios than institutional share classes. Petra regularly seeks to select the lowest cost share class available that is in the best interest of each Client and will ensure the selection aligns with the Client's financial objectives and stated investment guidelines.

*Retirement Accounts* – When Petra provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts ("IRAs"), Petra is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. When deemed to be in the Client's best interest, Petra will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if Petra will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by Petra.

### **Retirement Plan Advisory Services**

Petra provides advisory services on behalf of company retirement plans (each a separate “Plan”) and the company/sponsor (the “Plan Sponsor”). The Advisor’s retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and Plan Participants. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Vendor Analysis
- Plan Participant Enrollment and Education Tracking
- Investment Oversight Services (ERISA 3(21))
- Performance Reporting
- Ongoing Investment Recommendation and Assistance

These services are provided by Petra serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of Petra’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

### **Special Projects**

From time to time clients’ circumstances may require unique services outside the normal boundaries of our Lifetime Financial Planning, Financial Potential Report or Investment Management Services. These services are offered as a Special Project and have a separate engagement letter. Special Projects may include implementation of Financial Potential Report recommendations, periodic investment portfolio review, assistance with tax planning, or other services specifically described in an engagement letter.

## **ITEM 5 - FEES AND COMPENSATION**

### **Description**

Petra bases its fees on a percentage of Assets Under Supervision, hourly charges, fixed fees, project fees and a retainer that is not calculated on an Assets Under Supervision basis or an hourly estimate.

### **Lifetime Financial Planning**

Lifetime Financial Planning clients are given an estimate of the total fee for the initial plan development at the conclusion of the fact-finding process. The estimated fee for the plan development is guaranteed by the Adviser within 15% of the estimate. The minimum financial planning development fee is \$4,000, although the Adviser may offer a different fee at its own discretion or through negotiation with the client. The fee is collected in quarterly installments over two-years, with the first installment due at the beginning of the financial planning process. The client may terminate at any time. Fees collected in excess of actual charges incurred are refunded in full if the contract is terminated. Fees not yet billed or paid are due and payable upon termination.

Lifetime Financial Planning clients receive a periodic offer from Petra for a review of their financial plan. Fees for these ongoing financial planning reviews and advice are included in the investment management fee and are not billed separately. There is a \$13,000 minimum fee per year per client that includes both ongoing Financial Planning and Investment Management. Financial planning clients who are not investment management clients are billed for any financial planning advice beyond the development of the plan on a project fee basis. Such clients must contact Petra to request ongoing Financial Plan reviews or any other advisory service.

### **Financial Potential Report**

Financial Potential Report clients are given an estimate of the total fee for report development at the conclusion of the fact-finding process. The estimated fee for the report development is guaranteed by the Adviser within 15% of the estimate. The minimum Financial Potential Report development fee is \$4,000, although the Adviser may offer a different fee at its own discretion or through negotiation with the client. One-half of the estimated fee is due upon execution of the Client Agreement. The client may terminate at any time. Fees collected in excess of actual charges incurred are refunded in full if the contract is terminated. Fees not yet billed or paid are due and payable upon completion or termination.

### **Investment Management Services**

Investment management fees are a function of the size of the account[s], ranging between 0.40% and 2.00% of the market value of the assets placed under Petra's management. The fee, as a percentage, reduces as the size of the account increases. The minimum annual fee per client is \$13,000 and includes both ongoing Financial Planning and Investment Management. Fees shall be prorated and paid quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. For clients choosing to utilize the SEI Platform, fees are paid monthly in arrears. Petra in its sole discretion may reduce its minimum annual fee and/or charge a lesser investment management fee.

A client will have a period of five (5) business days from the date of signing the Client Service Agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the agreement with written notice.

Existing clients may have a different fee structure. Certain clients may negotiate a lesser fee based on certain circumstances. For example, at its discretion, Petra may allow members of the same household to be aggregated for purposes of determining the advisory fee. Such aggregation may be allowed when Petra services accounts on behalf of children of current clients, individual and joint accounts for a spouse.

### **Retirement Plan Advisory Services**

Fees for retirement plan advisory services are charged an annual asset-based fee of up to 0.62%. Fees may be negotiable depending on the size and complexity of the Plan.

### **Special Projects**

Special Project fees are set based upon a fixed fee ranging from \$1,500 to \$50,000. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total costs will be determined prior to establishing the advisory relationship.

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## **Fee Billing**

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Clients using Lifetime Financial Planning or Investment Management only services may choose to have fees deducted quarterly from a designated brokerage account[s] at their qualified custodian to facilitate billing, or to be invoiced quarterly. Clients choosing to use the SEI Platform are billed monthly in arrears. The client must consent in advance to direct debiting of their investment account for financial planning or investment management fees.

### **Retirement Plan Advisory Services**

Fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the Advisory Agreement.

For a Financial Potential Report or Special Project, \$500 is due upon execution of the Client Agreement with the balance paid down in \$500 quarterly payments or at the completion of the specified work. The



client may terminate at any time. Fees collected in excess of actual charges incurred are refunded in full if the contract is terminated. Fees not yet billed or paid are due and payable upon termination.

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## **Other Fees**

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Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, bonds, and exchange-traded funds (“ETFs”). These transaction charges are usually relatively small and are incidental to the purchase or sale of a security. Charles Schwab does not charge securities transaction fees for ETF and equity trades in Client accounts, but typically charges for certain mutual funds and other types of investments. In some cases, custodians also charge monthly, quarterly or annual custody fees. Fees for custody are disclosed to the clients when this type of arrangement is recommended.

Mutual funds and ETFs charge a management fee for their services as investment managers. The management fee is included in the expense ratio of each fund. Mutual fund fees also include transaction charges for the purchase or sale of securities within the fund and may charge other fees as disclosed in the fund prospectus. Any such fees are in addition to the fees paid by the client to Petra.

It is possible that Petra from time to time will affect securities transactions and pay a commission that exceeds the commission another broker-dealer would have charged. For example, trades executed through Arkadios, may incur a charge from Schwab as well as a basis point charge on each leg of the trade (buy and sell); trades done at Schwab and not executed through Arkadios may incur a flat-fee with no additional basis points. Thus, trades at Schwab may charge the clients less than those done through Arkadios. In these cases, Petra will determine in good faith that such commissions are reasonable in relation to the value of the services provided by the broker-dealer, viewed in terms of either the particular transaction or the overall relationship. Clients choosing to utilize the SEI platform will pay SEI’s platform fees directly to SEI.

Additionally, as noted above, the Adviser will select share classes which have higher internal expense ratios than institutional share classes. Please refer to Item 12 – Brokerage Practices for additional information.

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## **Past Due Accounts and Separation from Service**

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Petra reserves the right to stop work on any account that is more than 60 days overdue. In addition, Petra reserves the right to discontinue service on any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate to providing proper financial advice, per the judgment of Petra. Clients may terminate their agreement at any time by providing written notice.

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## **Compensation for Sales of Investment Products**

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The Adviser’s compensation is solely from fees paid directly by clients. The Adviser does not receive any commission based on the client’s purchase of any financial product, including insurance. No commissions in any form are accepted.

# **ITEM 6 - PERFORMANCE-BASED FEES**

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## **Sharing of Capital Gains**

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Petra does not charge performance-based fees for its investment advisory services. The fees charged by Petra are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

Petra does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## ITEM 7 - TYPES OF CLIENTS

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### Description

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Petra's clients include individuals, high net worth individuals, retirement plans, families, as well as any related entities, such as trusts, estates and family businesses, retirement plans, and charitable organizations.

Petra requires a minimum annual fee of \$13,000 to establish a new advisory relationship, depending on the service chosen by the client (billed as described under "Fees and Compensation"); however, the minimum may be waived at the sole discretion of Petra. In addition, Petra may continue to serve existing relationships that have values that are below the minimum.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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### Methods of Analysis

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Fundamental analysis, technical analysis and cyclical analysis are all part of Petra's investment strategy. Petra uses various sources, which include software computer programs, to develop asset allocation models, track and analyze mutual fund, equity and debt market performance domestically and internationally, as well as track and forecast economic activity. Petra also uses computer modeling to project a client's financial situation including cash flow, income taxes, retirement, death and disability income and capital needs and to calculate minimum required distributions for IRAs and tax qualified plans. The investment strategy for a specific client is based upon the client's performance goals and risk tolerance, as well as income needs.

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### Investment Strategies

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An Investment Policy Statement is created for each client at the beginning of their relationship with Petra. Based on the client's goals and risk tolerance an appropriate investment allocation is determined and the client's accounts are invested and supervised based upon the guidelines established in the Investment Policy Statement. Investments can be held both long term and short term.

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### Risk of Loss

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There is no investment that does not have risk. As a result, clients must understand and be comfortable with established risk levels in their investment portfolio. Petra supervises each client investment portfolio with risk of loss and risk tolerance in mind.

Following are some of the risks associated with the Adviser's investment approach:

### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

### Bonds

Bonds are subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

### Mutual Fund Risks

The performance of mutual funds are subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

### Alternative Investments (Limited Partnerships)

The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Client should only have a portion of their assets in these investments.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

## ITEM 9 - DISCIPLINARY INFORMATION

### Legal and Disciplinary

The Adviser and its employees have not been involved in any legal or disciplinary events related to past or present activities. The backgrounds of the Adviser and its employees are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Adviser's firm name or CRD# 107196.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### **Affiliations**

One important ongoing activity Petra performs for each client is identifying third party service providers who bring valuable services to each client's financial and investment progress. One example of a third party provider is Charles Schwab and Company. Schwab currently provides custody for clients' investment assets and executes trades at Petra's direction. From time-to-time Petra will also engage other third parties with expertise in various sectors of the investment markets. Arkadios is one such third party provider. Arkadios brings enhanced capabilities that will include closed-end mutual fund proficiency as well as other investment markets and opportunities.

Petra receives certain services and benefits from SEI Investments Management Corporation and its affiliates ("SEI") to help conduct our advisory business through SEI's Independent Advisor Solutions by SEI business unit ("IAS"). Investments we manage for our clients working with SEI are held in custodial accounts at SEI Private Trust Company ("SPTC") pursuant to an agreement signed by each client with SPTC to receive custodial services. Accounts held at SPTC are supported through SEI's proprietary platform known as the SEI Wealth Platform<sup>SM</sup>, or the "Platform". Petra Financial Advisors, Inc. uses the Platform and other technology provided by SEI or paid for by SEI to assist us in both the management of your assets and to support our business.

### Technology

The Platform is provided to Petra Financial Advisors, Inc. at no cost to Petra and generally supports the management of our client's accounts held at SEI. Clients choosing to utilize The Platform pay the costs associated with the service directly to SEI. The Platform provides a front-office view of our client's custody accounts at SPTC and gives Petra the ability to submit instructions to SPTC on behalf of our clients, such as transactions, strategy changes, and general servicing of client accounts. In addition, the Platform includes access to SEI's proprietary proposal system that permits Petra to develop and select investment strategies for our clients to use for accounts at SPTC. The Platform also supports the processing of advisory fees for our firm. Petra does not incur a cost for the Platform and is therefore incentivized to recommend SEI over other third-party managers and custodians that do charge a cost for access to a similar platform.

Through the SEI BusinessWise program, SEI supports various third-party software systems that assist us in managing our clients' assets held at SPTC. SEI may also provide and pay for automated workflow technologies that support the integration of these third-party systems into the Platform or to streamline Petra use of these third-party systems with the Platform and SEI's other systems. SEI also provides personnel for operational support to facilitate the integration of third-party software/systems that Petra uses with the Platform to help to streamline our operations. SEI's payments towards Petra's internal software systems during the past calendar year was \$0. We are eligible for these third-party software/systems-related benefits because we are actively engaged with SEI and/or we maintain a certain level of Assets Under Management with SEI. The use of these software systems creates an incentive for Petra Financial Advisors to recommend SEI over other third-party managers that do not offer this benefit. SEI also supports Petra use of non-integrated third-party software/systems at a reduced cost through SEI or its affiliate's arrangement with the software provider to provide discounted rates to us. Petra is/are eligible for this/these third-party software/systems-related benefit because we maintain a certain level of Assets Under Management with SEI. The total benefit received due to the discounted costs of the third-party software during the past calendar year was \$0. The availability of the third-party discounts has

created an incentive for Petra to recommend SEI over other third-party managers that do not offer this benefit.

#### Other Research Investment Services

In addition to the SEI Proposal system, SEI provides investment research to assist Petra Financial Advisors, Inc. in making investment recommendations/decisions for our clients utilizing the SEI Platform. This service generally consists of SEI's investment professionals reviewing Petra client's current investment portfolio, future goals, and potential tax impact of an investment reallocation, as provided by Petra to SEI, and SEI designing a proposed investment portfolio intended to meet our clients' goals constructed using SEI's investment solutions. The proposed investment portfolio is provided by SEI to Petra. We independently review any investment proposal designed by SEI and determine whether to recommend/use the investment portfolio with our client(s) and/or to implement the portfolio at SEI. This service has created an incentive for Petra to recommend SEI over other third-party managers that do not offer this benefit.

#### The SEI Advisor Benefit Program ("ABP")

Petra receive/s assistance from SEI for marketing activities, including, but not limited to, creating and providing marketing toolkits and other forms of marketing materials to be adapted by Petra to use with our clients and prospects and assistance with joint marketing (e.g., co-branded) initiatives. Petra is eligible for these marketing benefits because we are actively engaged with SEI and/or we maintain a certain level of Assets Under Management with SEI. These marketing benefits create an incentive for Petra to recommend SEI over other third-party managers that do not offer it, or to otherwise favor SEI in our communications and marketing efforts.

#### SEI Advisor Benefit Program ("ABP")

Petra is eligible to participate in the ABP. Generally, firms working with SEI are eligible to participate in the ABP and receive the benefits available under this program for having met a given threshold of Assets Under Management with SEI, or a combination of Assets Under Management with SEI below \$50 million but positive (or anticipated positive) net cash flow into SEI, meeting SEI determined thresholds.

As we have met the threshold for ABP participation, SEI has qualified Petra to participate in ABP.

#### SEI Advisor Benefit Program Benefits

As an ABP participant Petra is eligible to participate in SEI-sponsored national and/or regional conferences, seminars, practice management services, and other educational and informational events where SEI pays for part or all of the costs, including that of third-party presenters, to educate Petra about SEI investment solutions, to support our use of the Platform, to provide practice management support and help us manage our business. The costs covered by SEI to attend these events include conference attendance expenses (including hotel expenses).

In addition to the benefits noted above under the "Technology" heading, we are eligible to receive at no cost to Petra a third-party risk profiling software tool paid for by SEI. SEI pays the software provider a \$500 per user fee for each of our financial professionals who oversee SEI accounts.

Through the ABP, Petra is eligible to also receive reimbursement for our marketing-related expenses through an annual marketing budget from SEI intended to promote our use of IAS and SEI's investment solutions with our clients. Annual marketing budgets are based on the total Assets Under Management with SEI, meaning that our marketing budget allotments generally increase as our firm's assets under management invested in SEI products increase ("Marketing Budget"). These marketing expenses include, but are not limited to, paying costs related to Petra marketing events, providing access to SEI's third-party

vendor strategic partnerships, and access to SEI's studio for the recording of on-screen video messages. During the past calendar year, SEI's support of our marketing efforts was approximately \$0 which was paid either through direct payments to a vendor, reimbursement to Petra, or in the provision of materials. This benefit creates an incentive for Petra to recommend SEI's investments over other third-party managers and investment sponsors that do not offer it, or to otherwise favor SEI's investments in our communications and marketing efforts.

Through the ABP, Petra is eligible to receive additional ABP benefits, including a dedicated service and processing team with SPTC, priority access to investment research to assist us in making investment recommendations/decisions for our clients' accounts, and priority access to new SEI programs, technology, and services.

#### ABP benefits – Client Discounts

Petra clients, who open new accounts with SEI while we are eligible to receive ABP benefits, receive discounts to SEI's contractually agreed upon [SEI Managed Account Solutions or SEI Sub-Advised Program] pricing and SPTC's custodial services pricing. The maximum discount that SEI makes available to our clients is a 10% discount from SEI's contractual fee rates for certain equity strategies and a 20% discount for certain ETF strategies. The maximum discount that SPTC makes available is a 25% discount from its stated fees on third-party assets held outside of SEI proprietary programs and the waiver of SPTC's annual \$60 custody account fee for our client accounts opened after Petra joined ABP. These discounts are at SEI's discretion and may be terminated at any time, after which time contracted fee rates will apply. In particular, if we are no longer eligible to participate in ABP, our client's discounts may be terminated.

## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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### **Code of Ethics**

Petra has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. Petra and its personnel owe a duty of loyalty, fairness and good faith toward clients of the Adviser, and have the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

The Code of Ethics serves to establish a standard of business conduct based upon fundamental principles of openness, integrity, honesty and trust. Petra will provide a copy of the Code to any client or prospective client upon request.

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

Petra and its employees may at times buy or sell securities that are also held in client accounts. Employees may not trade their own securities ahead of client trades.

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### **Personal Trading**

The Chief Compliance Officer of Petra is Crystal Karstens; she or her delegate review all employee trades each quarter to ensure that employee trading does not create a conflict of interest with clients and that trading was not based on insider information.

## ITEM 12 - BROKERAGE PRACTICES

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### Selecting Brokerage Firms

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Petra does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize Petra to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, Petra does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where Petra does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra Petra fee or Petra cost associated with using a custodian not recommended by Petra. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. Petra may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and its reputation and/or the location of the Custodian's offices.

Petra will generally recommend that Clients establish their account[s] at Charles Schwab & Co., Inc. ("Schwab"), with the exception of those clients choosing to utilize the SEI Platform. Schwab is a FINRA-registered broker-dealer and member SIPC. Schwab will serve as the Client's "qualified custodian". Petra maintains an institutional relationship with Schwab, whereby the Advisor receives economic benefits from Schwab. Please see Item 14 below.

Petra uses Arkadios for certain research and trading services. Arkadios brings enhanced trading capabilities that include closed-end mutual fund proficiency as well as other investment markets and opportunities.

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### Soft Dollars

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Schwab makes available to Petra products and services that assist Petra in managing and administering clients' accounts. These include software and other technology, allocation of aggregated trade orders for multiple client accounts, research, pricing information and other market data, facilitating payment of Petra's fees from its clients' accounts, and assisting with back-office functions, recordkeeping, and client reporting.

Schwab also makes available to Petra other services intended to help Petra manage its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. Schwab may also make available, arrange, and/or pay for these types of services rendered to Petra by independent third parties. Schwab 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 Petra.

Based on the availability of the aforementioned benefits and services Petra may have an incentive to recommend that clients use Schwab which is a potential conflict of interest.

Petra receives research and other products or services, other than execution, from broker-dealers or third parties in connection with client securities transactions (soft dollar benefits). Petra clients benefit from soft dollar services on a level consistent with the transactions in their accounts.

Currently, Petra receives services under soft dollar arrangements with Arkadios. By utilizing client brokerage commissions to obtain research or other products and services, Petra receives a benefit because it doesn't have to produce or pay for the research, products or services. This practice presents a potential conflict of interest, as Petra has the incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than on its client's interest in receiving most favorable execution. If research or other services are provided by a particular broker, Petra may pay a brokerage commission in excess of that which another broker customarily used by Petra and who does not supply research or other services might have charged for the same transaction. Petra will ensure that any cost for the additional research services will be in line with the services provided. Under the current soft dollar arrangement, this potential conflict is mitigated because the brokerage commissions paid to the particular broker are generally similar and very competitive with commissions paid to other brokers

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## **Directed Brokerage**

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Clients may specify which broker-dealer to use or Petra may make recommendations. Petra usually recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and provide other brokerage services with the exception being those clients who choose to use the SEI Platform.

Clients who may want to direct Petra to use a particular broker should understand that this may prevent Petra from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent Petra from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that Petra would otherwise obtain for its clients. Clients are encouraged to discuss available alternatives with their advisory representative.

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## **Trade Aggregation**

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When Petra is trading a particular stock or ETF on the same day, block trading may be used to get identical pricing on the trades. Petra may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Petra's 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. Petra shall not receive any additional compensation or remuneration as a result of such aggregation.

## **ITEM 13 - ONGOING REVIEWS**

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### **Periodic Reviews**

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Investment advisory accounts are reviewed no less often than quarterly by the investment manager, a Chartered Financial Analyst. Accounts are reviewed for consistency with the investment strategy and performance among other things. There is currently no limit on the number of accounts that can be reviewed by an associate.

Lifetime Planning clients are scheduled for routine reviews as warranted with the financial planning team, depending on the client's circumstances.



Financial Potential Report plans are reviewed only upon request.

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## **Review Triggers**

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Reviews may be triggered by changes in a client's personal, tax or financial status, changes to employment and changes in family structure, among other events. Macroeconomic and company specific events may also trigger reviews.

Updates to the client's financial picture are gathered during ongoing communication between Petra and the client. Information gathered from these updates may trigger a plan review.

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## **Regular Reports**

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At the end of each calendar quarter Petra provides a full investment management report to each client. This reporting includes account values, investment allocation and performance. Performance is included after one year of investment management services.

# **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

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## **Compensation for Client Referrals**

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The Advisor does not compensate, either directly or indirectly, any persons who are not supervised persons, for Client referrals.

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## **Referrals to Other Professionals**

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Petra may recommend other professionals (e.g. lawyers, accountants, insurance agents, real estate agents, etc.) at the request of the client. Petra does not accept referral fees or any form of compensation from other professionals when a prospect or client is referred to them.

As referenced above, Petra may receive an indirect economic benefit from Schwab. Petra, without cost (and/or at a discount rate), may receive support services and/or products from Schwab.

# **ITEM 15 - CUSTODY**

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## **SEC "Custody"**

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Petra does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct Petra to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by Petra to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

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## **Account Statements**

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When client assets are held with qualified custodians, such custodians provide account statements directly to clients at least quarterly. These statements are sent directly from the account custodian. Trade confirmations are also sent following each brokerage account transaction unless confirmations have been waived. Occasionally, qualified clients may invest in private placements offered by Petra or other sponsors which are not held at qualified custodians. In these cases, statements are provided directly to the client by Petra or other sponsors on at least a quarterly basis. Clients are encouraged to carefully review the statements provided by their custodians. If you are not receiving at least quarterly custodial account statements, please contact Petra at the number on the cover page of this Disclosure Brochure.

## **ITEM 16 - INVESTMENT DISCRETION**

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### **Discretionary Authority for Trading**

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Petra will guide the development of an investment policy which incorporates the client's goals, risk tolerance and return expectations. Guidelines are also developed for asset classes eligible for portfolio inclusion and any limits for a given asset class. Petra will follow the guidelines of the investment policy in exercising discretion over security transactions without obtaining specific client consent for each transaction.

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### **Limited Power of Attorney**

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Clients must sign a limited power of attorney before Petra is given discretionary authority. The limited power of attorney is included in the qualified custodian's account application for our main custodians. For accounts not held with our main custodians, clients may sign a letter of authorization giving discretionary authority to Petra.

## **ITEM 17 - PROXY VOTING**

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### **Proxy Votes**

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Petra typically does not accept proxy-voting responsibilities for any Client, unless explicitly directed otherwise in writing by the Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting. Petra monitors the activity of funds it recommends to clients. For Clients that the Advisor does assume proxy voting responsibility, policies and procedures have been established to ensure proxies are voted in the Clients best interest. A copy of the proxy voting policies and procedures may be made available to the Client upon request. If Petra clients own less than 10% of the total assets the proxy will be voted with the board of directors. If Petra clients own more than 10% of the outstanding value, the proxy will be forwarded to the Investment Manager for further research. The Investment Manager will determine, based on the research, how the vote should be made. Petra keeps a record of proxies voted.

Clients may obtain a copy of Petra's proxy voting policies and procedures upon request. Clients may also obtain information about how Petra voted any proxies on behalf of their account(s).

## **ITEM 18 - FINANCIAL INFORMATION**

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**Financial Condition**

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Petra does not have any financial impairment that will preclude the Adviser from meeting contractual commitments to clients. No financial reporting is required as Petra does not collect advance fees for \$1,200 or more for services performed six months or more in advance.

## BROCHURE SUPPLEMENT – PART 2B OF FORM ADV

**David Stephen Forbes**

**Jonathan Forbes**

**Jennifer Kay Ann Hernandez**

**Crystal Karstens**

**Shannon Ross**

**Lisa Malick**

**John Pfaffmann**

Petra Financial Advisors, Inc.

2 North Nevada Avenue

Suite 1300

Colorado Springs, Colorado 80903

Phone: 719-636-9000

March 14, 2023

**This Brochure Supplement provides information about David Stephen Forbes, Jonathan Forbes, Jennifer Kay Ann Hernandez, Crystal Karstens, Shannon Ross and Lisa Malick that supplements the Petra Financial Advisors, Inc. Disclosure Brochure that proceeded. Please contact Crystal Karstens, Chief Compliance Officer, if you have any questions about the contents of this Brochure Supplement.**

**Additional information about David Stephen Forbes, Jonathan Forbes, Jennifer Kay Ann Hernandez, Crystal Karstens, Shannon Ross and Lisa Malick is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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## **David Stephen Forbes, CFA<sup>®</sup>, Chairman**

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### Educational Background:

- Year of Birth: 1948
- American International College, Bachelor of Science, 1971
- CERTIFIED FINANCIAL PLANNER<sup>™</sup>, 1984 – 2022
- Chartered Financial Analyst, 1992

### Business Experience:

- Active in the financial planning and investment management fields since 1982
- President of Petra Financial Advisors, Inc. from 1991 to July 2019
- Chairman of Petra Financial Advisors, Inc from July 2019 to the present

Disciplinary Information: None

Additional Compensation: None

Supervision: As Chairman, David Forbes' is supervised by Crystal Karstens, Chief Compliance Officer. Crystal supervises David's work through frequent office interactions, email and the firm's Customer Relationship Management (CRM) system. Crystal can be reached by phone at (719) 636-9000 or by email at [crystal@petrafinancial.com](mailto:crystal@petrafinancial.com). Mr. Forbes, as Chairman, is also supervised by Petra's Board of Advisor.

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## **Jonathan Forbes, President, CFP<sup>®</sup>, CFA<sup>®</sup>**

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### Educational Background:

- Year of Birth: 1990
- University of Denver 2013
- CERTIFIED FINANCIAL PLANNER<sup>™</sup>, 2016
- Chartered Financial Analyst, 2021

### Business Experience:

- Active in the financial planning and investment management fields since 2010
- Has worked for Petra Financial Advisors, Inc. from 2010 to the present
- President of Petra Financial Advisors, Inc. from July 2019 to the present

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Jonathan Forbes is supervised by Crystal Karstens, Chief Compliance Officer. Crystal supervises Jonathan's work through frequent office interactions, email and the firm's Customer Relationship Management (CRM) system. Crystal can be reached by phone at (719) 636-9000 or by email at [crystal@petrafinancial.com](mailto:crystal@petrafinancial.com).

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**Jennifer Kay Ann Hernandez, CFP®**

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**Educational Background:**

- Year of Birth: 1973
- Point Loma Nazarene University 1995
- University of Colorado 2001
- CERTIFIED FINANCIAL PLANNER™, 2020
- Enrolled Agent, 2022

**Business Experience:**

- Active in the financial planning and investment management fields since 2017
- Works as a Financial Planner for Petra Financial Advisors, Inc. from 2017 to the present

**Disciplinary Information:** None

**Other Business Activities:** None

**Additional Compensation:** None

**Supervision:** Jennifer Hernandez is supervised by Crystal Karstens, Chief Compliance Officer. Crystal supervises Jennifer's work through frequent office interactions, email and the firm's Customer Relationship Management (CRM) system. Crystal can be reached by phone at (719) 636-9000 or by email at [crystal@petrafinancial.com](mailto:crystal@petrafinancial.com).

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**Crystal Karstens, Chief Compliance Officer and Associate Financial Planner**

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**Educational Background:**

- Year of Birth: 1980
- Pikes Peak Community College 2005
- Financial Paraplanner Qualified Professional™ (FPQP®) 2006
- Series 65, 2017

**Business Experience:**

- Active in the financial planning and investment management fields since 2004
- Has worked at Petra Financial Advisors, Inc. from 2004 to the present

**Disciplinary Information:** None

**Other Business Activities:** None

**Additional Compensation:** None

**Supervision:** Crystal Karstens is supervised by Jonathan Forbes, President. Jonathan supervises Crystal's work through frequent office interactions, email and the firm's Customer Relationship Management (CRM) system. Jonathan can be reached by phone at (719) 636-9000 or by email at [petra@petrafinancial.com](mailto:petra@petrafinancial.com).

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## **Shannon Ross, Advisor, MBA**

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### Educational Background:

- Year of Birth: 1978
- BA, University of Tennessee, Knoxville, Tennessee
- MBA, University of Phoenix, Phoenix, Arizona

### Business Experience:

- Active in the financial vertical since 2008
- September 2022 – Present; Investment Advisor Representative, Petra Financial Advisors, Inc. DBA Lighthouse Financial LLC
- April 2019 – September 2022 Chief Executive Officer and Managing Partner of Lighthouse Financial LLC.
- June 2020 – September 2022; Investment Advisor Representative, Cambridge Investment Research Advisors, Inc.
- October 2018 – April 2019: Investment Adviser Representative, Accelerated Wealth Advisors, LLC.
- November 2011 – April 2012: Area Vice President, Verizon, Inc.
- August 2008 – November 2011: Associate Director, Verizon, Inc – Finance and Insurance

### Disciplinary Information: None

### Other Business Activities:

- January 2019 – Present: Client Services Manager, BNW Contracting, Inc. (20 hours a month of consultive time)
- May 2012 – Present: President, YOUNify Consulting, Inc. (20 hours a month of consultive time)

### Additional Compensation:

- January 2019 – Present: Client Services Manager, BNW Contracting, Inc. (20 hours a month of consultive time)
- May 2012 – Present: President, YOUNify Consulting, Inc. (20 hours a month of consultive time)

Supervision: Shannon Ross is supervised by Crystal Karstens, Chief Compliance Officer. Crystal supervises Shannon's work through compliance oversight. Crystal can be reached by phone at (719) 636-9000 or by email at [crystal@petrafinancial.com](mailto:crystal@petrafinancial.com).

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## **Lisa Malick, CFP®, CKA®**

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### Educational Background:

- Year of Birth: 1967
- Boston University, Financial Planning Certificate Program, 2007- 2010
- University of Southern Florida, Masters Marine Physics, 1992-2004
- State University of New York at Geneseo, BS Biology, 1985 - 1989

Business Experience:

- Investment Advisor Representative, Petra Financial Advisors, Inc. DBA Lighthouse Financial LLC September 2022 – Present
- Investment Advisor Representative, Cambridge Investment Research Advisors, Inc., June 2020 to September 2022
- Registered Representative, Cambridge Investment Research, Inc., June 2020 to September 2022
- Registered Representative, Purshe Kaplan Sterling Investments, July 2019 to May 2020
- Investment Advisor Representative, Lighthouse Financial LLC, June 2014 to June 2020
- Registered Representative, Cambridge Investment Research, Inc., January 2012 to April 2019

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Lisa Malick is supervised by Crystal Karstens, Chief Compliance Officer. Crystal supervises Lisa's work through compliance oversight. Crystal can be reached by phone at (719) 636-9000 or by email at [crystal@petrafinancial.com](mailto:crystal@petrafinancial.com).

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**John Pfaffmann, CFP®, CKA®**

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Educational Background

- Year of Birth: 1967
- CERTIFIED FINANCIAL PLANNER™, 1994

Business Experience:

- Financial Planner, Petra Financial Advisors, Inc., January 2023 to Present
- Investment Advisor Representative, Rubicon Financial Network, June 2003 to Present
- Registered Representative, First Allied Securities, Inc., June 2000 to June 2017

Disciplinary Information: None

Other Business Activities:

- Investment Advisor Representative, Rubicon Financial Network, dba Pfaffmann Financial Inc February 1996 to Present (On an interim and transitional basis, Mr. Pfaffmann will also remain an Investment Advisor Representative of Pfaffmann Financial Inc. Pfaffmann Financial Inc and Mr. Pfaffmann are working with Clients to transition accounts to Petra. Following the transition of all accounts, Mr. Pfaffmann will no longer be an Investment Advisor Representative for Pfaffmann Financial Inc.

Additional Compensation:

- Investment Advisor Representative, Rubicon Financial Network, dba Pfaffmann Financial Inc February 1996 to Present

Supervision: John Pfaffman is supervised by Crystal Karstens, Chief Compliance Officer. Crystal supervises John's work through compliance oversight. Crystal can be reached by phone at (719) 636-9000 or by email at [crystal@petrafinancial.com](mailto:crystal@petrafinancial.com).



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## CFA<sup>®</sup> Institute Financial Advisor Statement for SEC Form ADV

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The Chartered Financial Analyst<sup>™</sup> (“CFA<sup>®</sup>”) charter is a professional designation established in 1962 and awarded by CFA<sup>®</sup> Institute. To earn the CFA<sup>®</sup> charter, candidates must pass three sequential, six-hour examinations over two to four years. The three levels of the CFA<sup>®</sup> Program test a wide range of investment topics, including ethical and professional standards, fixed-income analysis, alternative and derivative investments, and portfolio management and wealth planning. Also, CFA<sup>®</sup> charter holders must have at least four years of acceptable professional experience in the investment decision-making process and must commit to abide by, and annually reaffirm their adherence to the CFA<sup>®</sup> Institute Code of Ethics and Standards of Professional Conduct. CFA<sup>®</sup> is a trademark owned by CFA<sup>®</sup> Institute.

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## Certified Financial Planner<sup>™</sup> Explanatory Statement

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The Certified Financial Planner<sup>™</sup>, CFP<sup>®</sup>, and federally registered CFP<sup>®</sup> (with flame design) marks (collectively, the “CFP<sup>®</sup> marks”) are professional certification marks granted in the United States by Certified Financial Planner<sup>™</sup> Board of Standards, Inc. (“CFP<sup>®</sup> Board”).

The CFP<sup>®</sup> certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP<sup>®</sup> certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP<sup>®</sup> certification in the United States.

To attain the right to use the CFP<sup>®</sup> marks, an individual must satisfactorily fulfill the following requirements:

- *Education* – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP<sup>®</sup> Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP<sup>®</sup> Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- *Examination* – Pass the comprehensive CFP<sup>®</sup> Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real-world circumstances;
- *Experience* – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- *Ethics* – Agree to be bound by CFP<sup>®</sup> Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP<sup>®</sup> professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP<sup>®</sup> marks:

- *Continuing Education* – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and

- *Ethics* – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP® Board's enforcement process, which could result in suspension or permanent revocation of their CFP®.

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## **Certified Kingdom Advisor®**

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Kingdom Advisors is a non-profit training organization for financial professionals who specialize in the planning differentiators that exist when you apply a Christian worldview to financial decision-making.

The prerequisites for the designation/certification are that the advisor must hold one of the approved industry designations (CFP®, ChFC®, CPA, CPA/PFS, EA, CFA®, CIMA®, AAMS, CLU®, JD) or 10 years of experience in the discipline in which applying for the CKA® designation. The disciplines include financial planning, investments, accounting, estate planning law, and insurance. The education prerequisites for the designation/certification is a 21.5-hour online course and a 200-question open-book exam with a minimum score of 80%. In January 2017, the educational prerequisite will move to a 3-credit hour equivalent certificate course offered by the two largest Christian universities in the US. The new university-based course will be offered in cohorts consisting of approximately 50 hours of student work over 8 weeks and a new proctored exam administered once a student completes the university-based CKA® Educational Program. All candidates must sign a "Statement of Faith," obtain a letter of reference from pastor or member of pastoral staff, pass a regulatory review, complete a signed statement of personal stewardship and submit two client references.

The continuing education requirement to maintain the designation is 10 hours annually. Kingdom Advisors (KA) also requires all Certified Kingdom Advisor® designees to remain in substantial compliance with a set of ethical principles, rules, and standards in order to use or to continue to use the Certified Kingdom Advisor® designation. In order to oversee such compliance, KA has established procedures for reporting ethical violation, as well as a set of disciplinary procedures to oversee the investigation of potential violations of such principles.