



DEMARS

FINANCIAL GROUP

Demars Financial Group LLC

CRD #116257

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March 7, 2023

FORM ADV PART 2 BROCHURE

This brochure provides information about the qualifications and business practices of Demars Financial Group LLC. If you have any questions about the contents of this brochure, please contact us at 509-536-9556. 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 Demars Financial Group LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Demars Financial Group LLC is 116257.

Demars Financial Group LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Demars Financial Group LLC. will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

The material changes in this brochure from the last annual updating amendment of Demars Financial Group on 02/23/2022 are described below. Material changes relate to Demars Financial Group's policies, practices or conflicts of interests.

- Demars Financial Group updated Item 4 to disclose written acknowledgement of fiduciary status.



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Item 4 Advisory Business

Description of Services and Fees

Demars Financial Group LLC is a registered investment adviser primarily based in Spokane, Washington. We are organized as a Limited Liability Company under the laws of the State of Washington and we have been providing investment advisory services since 1999. From 1999 to 2006, we operated as a Sole Proprietorship. From 2006 to 2015 we have operated as a corporation. From 2015 to present we have operated as an LLC. David Demars is the principal owner.

Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Asset Management Services
- Financial Planning Services
- Limited Pension Consulting Services
- Selection of Other Advisors

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Demars Financial Group LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

Asset Management Services

We provide discretionary asset management services tailored to meet the needs and investment objectives of our clients. If you retain our firm for asset management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and to make investments on your behalf. As part of our asset management services, we may customize an investment portfolio for you according to your risk tolerance and investing objectives and/or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

We require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

As part of our asset management services, we may use one or more sub-advisers to manage a portion of your account on a discretionary basis. The sub-adviser(s) may use one or more of their model portfolios to manage your account. We will periodically monitor the performance of your accounts managed by sub-adviser(s), and may hire and fire any sub-adviser without your prior approval. In the event we utilize a subadvisor, you will pay a higher advisory fee than you would otherwise pay inasmuch as we retain sub-advisors for their expertise in providing advisory services in a particular segment of the market.

Financial Planning Services

We offer financial planning and consulting services which typically involve providing a variety of advisory

services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad, comprehensive, financial planning to consultative or single subject planning including but not limited to Financial Planning, Retirement Planning, Estate Planning, and Tax Planning. We do not prepare tax returns, but rather work with those professionals who do.

If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we review and analyze the information you provide to our firm, we may deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

Limited Pension Consulting Services

We offer limited pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. Generally, these services are limited to periodic meetings with the Plan's trustee to provide recommendations and discuss performance of the Plan's menu of investments. The ultimate decision to act on behalf of the Plan shall remain with the plan sponsor or other named fiduciary. We also provide, on an as requested basis, individual investment education and enrollment for Plan participants on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

Advisory Services to Retirement Plans

As disclosed above, we offer advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist Plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described above, and in the service agreement that you have signed with our firm. Our compensation for these services is described below, at Item 5, and also in the service agreement. We may, with consent of the Plan, and in accordance with Plan documents, bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants.

In providing services to the Plan and Participants, our status is that of an investment adviser registered with the SEC, and we are not subject to any disqualifications under Section 411 of ERISA. In performing ERISA fiduciary services, we are acting as a non-discretionary fiduciary of the Plan as defined in Section 3(21)(A)(ii).

Selection of Other Advisers

As part of our investment advisory services, we may recommend that you use the services of a third party money manager ("MM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific MM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the MM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the MM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

Written Acknowledgement of Fiduciary Status

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. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Types of Investments

We primarily offer advice on mutual funds, exchange traded funds, equities, variable annuities, corporate debt securities, and municipal securities.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

Assets Under Management

As of December 31, 2022, we manage \$ 223,757,863 in client assets on a discretionary basis with no Sub-Advisor and \$ 4,519,984 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Asset Management

Our fee for asset management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

Accounts directly managed by Demars Financial Group LLC

Account size	annual management fee	Frequency of billing
\$0 - 500,000	1.5% annual management fee (based on prior ending account balance)	0.375% billed quarterly in advance
Greater than \$500,000	1% annual management fee (based on prior ending account balance)	0.25% billed quarterly in advance (by fee deduction)
\$1 million +	0.90% annual management fee (based on prior ending account balance)	0.225% billed quarterly in advance (by fee deduction)

Accounts directly managed by Demars Financial Group LLC with Custody at Jefferson National

Account size	annual management fee	Frequency of billing
\$0 - 500,000	1.5% annual management fee (based on prior ending account balance)	0.1250% billed monthly in arrears (by fee deduction)
Greater than \$500,000	1% annual management fee (based on prior ending account balance)	0.0833% billed monthly in arrears (by fee deduction)
\$1 million +	0.90% annual management fee (based on prior ending account balance)	0.075% billed quarterly in advance (by fee deduction)

Fees are charged quarterly from the date the account is opened and billed in advanced.

If the investment advisory agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities and in limited circumstances and upon special request we may invoice you directly for payment of fees. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

You may terminate the investment advisory agreement within 5 business days of entering into the

agreement without penalty. Thereafter, you may terminate the agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

Financial Planning

We charge a negotiable fee of \$250 per hour for financial planning services which is collected upon completion of services. Our fees are negotiable and will depend on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee.

In general and in our discretion, we provide certain financial planning services at no additional cost to our asset management clients. However, the determination to waive the financial planning fee will be made based on the scope and complexity of the services provided.

You may terminate the financial planning agreement within 5 business days of entering into the agreement without penalty. Thereafter, financial planning services terminate upon delivery of the applicable services to the client. Otherwise, you may terminate the financial planning agreement upon 30 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid fees that we have not yet earned, you will receive a prorated refund of those fees.

In some cases we may waive or offset the financial planning fees should you choose to implement the advice through our asset management services as described above or by purchasing insurance or a commissioned product through associated persons acting as insurance agents or as registered representatives of Crown Capital Securities L.P. We reserve the right to determine whether the financial planning fees will be waived or offset by the fees/commissions earned in the implementation process. However, you are under no obligation to act on our financial planning recommendations.

A conflict exists between the interests of our firm and the interests of the client. Further, the client is under no obligation to act upon our recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transactions through our firm or implement the plan through our asset management services. Should you choose to act on any of our recommendations, you are free to place securities transactions with any brokerage firm of your choice.

Pension Consulting Services

For pension consulting services, we charge a negotiable fee ranging up to 1% per year of the value of the Plan's assets. Our fee is due and payable quarterly in advance or arrears depending on the custodian. The Plan custodian deducts our fee out of the Plan's accounts and remits the fee to us.

Our advisory fees for customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis.

You may terminate the pension consulting agreement within 5 business days of entering into the agreement without penalty. Thereafter, you may terminate the pension consulting agreement upon 30 days written notice. In the event of termination, if you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees based on the number of days in the quarter in which you

were a client.

Selection of Other Advisers

We will share in the advisory fee you pay directly to the MM. The advisory fee you pay to the MM is established and payable in accordance with the disclosure brochure provided by each MM to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we have with each MM. As such, we may have an incentive to recommend one MM over another MM with whom we have less favorable compensation arrangements or other advisory programs offered by MMs with which we have no compensation arrangements. You should review the recommended MM's disclosure brochure and take into consideration the MM's fees along with our fees, as applicable, to determine the total amount of fees associated with this program.

You will be required to sign an agreement directly with the recommended MM(s). You may terminate your advisory relationship with the MM according to the terms of your agreement with the MM. You should review each MM's disclosure brochure for specific information on how you may terminate your advisory relationship with the MM and how you may receive a refund, if applicable. You should contact the MM directly for questions regarding your advisory agreement with the MM.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. We will invest your account, when suitable, in no load mutual funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this Brochure.

Compensation for the Sale of Securities or Other Investment Products

Securities

Associated Persons providing investment advice on behalf of our firm are registered representatives with Crown Capital Securities, L.P. ("CCS"), a registered general securities broker-dealer. CCS is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). In their capacity as registered representatives, these persons receive commission-based compensation in connection with the purchase and sale of securities (such as stocks, bonds and variable annuities); including 12b-1 fees for the sale of investment company products ("mutual funds"). Compensation earned by these persons in their capacities as registered representatives are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. We address the conflict by reviewing securities transactions to verify the suitability and economic benefit for the client. You are under no obligation, contractually or otherwise, to buy or sell securities products through any person affiliated with our firm.

Insurance

In addition, Associated Persons of our firm are also licensed as independent insurance agents with various insurance agencies and can sell insurance products to you (i.e. life, health, and long term care products) and earn commissions. Insurance commissions earned are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our

firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

All material conflicts of interest are disclosed regarding our firm, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

While our firm endeavors at all times to offer clients its specialized services at reasonable costs, the fees charged by other advisers for comparable services may be lower than the fees charged by our firm.

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

We do not charge Performance-Based Fees.

Item 7 Types of Clients

We offer investment advisory services to high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

Minimum Account Size

In general, we require a minimum account size of \$300,000 for equity accounts and \$100,000 for fixed income accounts. At our discretion, we may waive these minimum account sizes. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management.

Third party money managers may have minimum account sizes. This disclosure will be made in the documents that are provided by the third party money manager.

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

Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Charting Analysis** - Involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends. **Risk:** Charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- **Technical Analysis** - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities. **Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. **Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. **Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.
- **Long Term Purchases** - Securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. **Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Most custodians use the FIFO (First In First Out) accounting method as the default method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this Brochure, we primarily provide advice on exchange traded funds, mutual funds, equities, variable annuities, corporate debt securities and municipal securities.

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

Item 9 Disciplinary Information

Demars Financial Group LLC or its predecessor has been registered and providing investment advisory services since 2006.

David Demars settled a customer complaint in October 2014.

CLAIMANTS ALLEGE FAILURE TO MAKE REASONABLE INQUIRIES FOR INFORMATION, BREACH OF FIDUCIARY DUTY, LACK OF SUITABILITY, AND VIOLATION OF WAC-284-30-390 RELATING TO THE SALE OF TWO SINGLE PREMIUM IMMEDIATE ANNUITIES TO TWO CUSTOMERS OF ADVANCED AGE.

ONE PLAINTIFF, [CUSTOMER], DISMISSED HIS SUIT WITH PREJUDICE. THE OTHER PLAINTIFF, [CUSTOMER], CONTINUED TO PURSUE THE CLAIM ON HIS OWN. THIS CIVIL SUIT ALSO INCLUDED THE INSURANCE COMPANY WESTERN UNITED LIFE (WULA) WHO ISSUED THE SPIA PRODUCT. THE E&O CARRIERS FOR WULA AND FOR DAVID DEMARS BOTH WANTED TO SETTLE THIS SUIT BECAUSE THE COST TO GO TO TRIAL WAS MORE EXPENSIVE THAN A PROPOSED SETTLEMENT FROM THE PLAINTIFF. THE SETTLEMENT AMOUNT WAS DIVIDED BETWEEN BOTH E&O CARRIERS. DAVID DEMARS CONTINUED TO MAINTAIN HIS INNOCENCE AND THAT THE CLIENT KNEW THE PRODUCT BEING PURCHASED AND THAT THIS SETTLEMENT WAS MADE FOR BUSINESS REASONS BY THE E&O CARRIERS AND NOT BECAUSE OF AN INAPPROPRIATE PRODUCT SALE.

Demars Financial Group LLC previously Northwest Financial Advisors Inc., settled an order from the State of Alaska in November 2014.

RESPONDENTS FAILED TO PROPERLY DISCLOSE ALASKA ORDERS AGAINST PARLEY GILES FROM 1984, AND FIDELITY FINANCIAL'S WEBSITE INCORRECTLY STATED THAT FIDELITY FINANCIAL WAS LICENSED TO SELL INSURANCE PRODUCTS IN OREGON, UTAH, AND WASHINGTON.

Item 10 Other Financial Industry Activities and Affiliations

Registrations with Broker-Dealer

Persons providing investment advice on behalf of our firm are registered representatives with Crown Capital Securities, L.P. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. We address the conflict by reviewing securities transactions to verify the suitability and economic benefit for the client. You are under no obligation, contractually or otherwise, to buy or sell securities products through any person affiliated with our firm. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

Recommendation of Other Advisers

We may recommend that you use a third party adviser ("MM") based on your needs and suitability. We will receive compensation from the MM for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any MM we recommend.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that we shall not have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

We generally recommend the brokerage and custodial services of Fidelity Brokerage Services LLC ("Fidelity"), National Financial Services, LLC ("National"), as well as Crown Capital Securities, L.P. ("CCS"). Custody may be used at other firms. All firms are securities broker-dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

We have an arrangement with Fidelity whereby Fidelity may provide us with Fidelity's platform services. The platform services include, among others, computer software, brokerage, custodial, administrative support, record keeping and related services that are intended to support us in conducting business and in serving clients but that may benefit our firm. In addition, Fidelity may provide for discounts of other purchased software that permits us to better advise clients on their investments.

We believe that Fidelity, National and CCS provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Fidelity, National and CCS, including the value of any research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of any research services and additional brokerage products and services that Fidelity, National or CCS may provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Directed Brokerage

Persons providing investment advice on behalf of our firm who are registered representatives of Crown Capital Securities, L.P. ("CCS") will recommend CCS to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from CCS unless CCS provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through CCS or approved custodians. It may be the case that CCS charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through CCS, these individuals in their separate capacities as registered representatives of CCS may earn commission-based compensation as result of placing the recommended securities transactions through CCS. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use CCS or an approved custodian, we may not be able to accept your account. Please see the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

Block Trades

Generally, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

Item 13 Review of Accounts

The investment adviser representative assigned to your account will monitor asset management accounts on an ongoing basis. The representative and/or investment committee (comprising David Demars and others chosen) will conduct account reviews at least quarterly and upon your request to ensure that the advisory services provided to you are consistent with your current/stated investment needs and objectives.

Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide asset management clients with written reports on a quarterly basis detailing the performance of the account. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

If you are a financial planning client, upon your request, we may review/update your plan subject to our then current hourly rate.

Item 14 Client Referrals and Other Compensation

We may directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must be registered as investment advisers/investment adviser representatives as required by the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

We may, via written arrangement, retain third parties to act as solicitors for our investment management services. All compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. We will ensure each solicitor is properly registered in all appropriate jurisdictions. We currently have a Solicitors Agreement in place with SmartAsset.

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Crown Capital Securities, L.P., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of

interest this presents, and how we address these conflicts, please refer to the *Fees and Compensation* section.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Fidelity Brokerage Services.

Item 15 Custody

We may directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your account(s) causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our management agreement, and the appropriate trading authorization forms whereby you grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

Item 17 Voting Client Securities

Proxy Voting

We will not vote proxies on behalf of your advisory accounts.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$500 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

Item 19 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.


You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.



David T. Demars, MBA, CFP®, ChFC, CLU
CRD # 2903749

Demars Financial Group LLC

**104 S. Freya Suite 218
Lilac Flag Building
Spokane, WA 99202**

**Telephone: 509-536-9556
Facsimile: 509-232-6604**

**FORM ADV PART 2B
BROCHURE SUPPLEMENT**

This brochure supplement provides information about David T. Demars that supplements the Demars Financial Group LLC's brochure. You should have received a copy of that brochure. Please contact us at 509-536-9556 if you did not receive Demars Financial Group LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about David T. Demars is available on the SEC's website at www.adviserinfo.sec.gov.

Form ADV Brochure Supplement for David T. Demars, MBA, CFP®, ChFC, CLU

Item 2 Educational Background and Business Experience

The business background information provided below is for the last five years.

Your Financial Adviser: David T. Demars

Year of Birth: 1968

Education:

- Brigham Young University, B.A. Finance, 1993
- Gonzaga University, M.B.A. Finance, 2016

Business Background:

- Demars Financial Group LLC or its predecessor, Owner 01/2006 - Present
 - Demars Financial Services, Financial Planner, 01/1999 - Present
 - Crown Capital Securities LP, Branch Manager/Registered Representative, 4/2006 – Present
 - Fidelity Financial Services Inc., Owner August 2017 - Present
-

Certifications:

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified

Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® 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 63,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® 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 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 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® Certification Examination. The examination, administered in 10 hours over a two-day period, 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 Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® 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® 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® certification.

Chartered Financial Consultant (ChFC). This designation is issued by The American College and is granted to individuals who have at least three years of full-time business experience within the five years preceding the awarding of the designation. The candidate is required to take seven mandatory courses which include the following disciplines: financial, insurance, retirement and estate planning; income taxation, investments and application of financial planning; as well as two elective courses involving the application of the aforementioned disciplines. Each course has a final proctored exam and once issued, the individual is required to submit 30 hours of continuing education every two years.

Chartered Life Underwriter (CLU): This designation is issued by The American College and is granted to individuals who have at least three years of full-time business experience within the five years preceding the awarding of the designation. The candidate is required to take a series of mandatory courses which include, for example, the following: insurance planning, life insurance law, fundamentals of estate planning, planning

for business owners, income taxation, group benefits, planning for retirement needs, and investments. Each course has a final proctored exam and once issued, the individual is required to submit 30 hours of continuing education every two years.

Item 3 Disciplinary Information

David Demars settled a customer complaint in 2014.

CLAIMANTS ALLEGE FAILURE TO MAKE REASONABLE INQUIRIES FOR INFORMATION, BREACH OF FIDUCIARY DUTY, LACK OF SUITABILITY, AND VIOLATION OF WAC-284-30-390 RELATING TO THE SALE OF TWO SINGLE PREMIUM IMMEDIATE ANNUITIES TO TWO CUSTOMERS OF ADVANCED AGE.

ONE PLAINTIFF, [CUSTOMER], DISMISSED HIS SUIT WITH PREJUDICE. THE OTHER PLAINTIFF, [CUSTOMER], CONTINUED TO PURSUE THE CLAIM ON HIS OWN. THIS CIVIL SUIT ALSO INCLUDED THE INSURANCE COMPANY WESTERN UNITED LIFE (WULA) WHO ISSUED THE SPIA PRODUCT. THE E&O CARRIERS FOR WULA AND FOR DAVID DEMARS BOTH WANTED TO SETTLE THIS SUIT BECAUSE THE COST TO GO TO TRIAL WAS MORE EXPENSIVE THAN A PROPOSED SETTLEMENT FROM THE PLAINTIFF. THE SETTLEMENT AMOUNT WAS DIVIDED BETWEEN BOTH E&O CARRIERS. DAVID DEMARS CONTINUED TO MAINTAIN HIS INNOCENCE AND THAT THE CLIENT KNEW THE PRODUCT BEING PURCHASED AND THAT THIS SETTLEMENT WAS MADE FOR BUSINESS REASONS BY THE E&O CARRIERS AND NOT BECAUSE OF AN INAPPROPRIATE PRODUCT SALE.

Item 4 Other Business Activities

David Demars is a Registered Representative with Crown Capital Securities, LP. Crown Capital Securities, LP is a registered broker-dealer engaged in the sale of investment products. In this capacity, Mr. Demars may recommend securities or insurance products offered by Crown Capital Securities, LP as part of your investment portfolio. If clients purchase these products through Mr. Demars, he will receive the customary commissions in his separate capacity as a registered representative of Crown Capital Securities, LP. Additionally, Mr. Demars could be eligible to receive incentive awards such as Crown Capital Securities, LP may offer. He may also receive 12b-1 fees from mutual funds that pay such fees. The receipt of additional compensation may give Mr. Demars an incentive to recommend investment products based on the compensation received, rather than on your investment needs. Please refer to the *Fees and Compensation* section and the *Client Referrals and Other Compensation* section of Demars Financial Group LLC firm brochure for additional disclosures on this topic.

Mr. Demars is also separately licensed as an independent insurance agent. In this capacity, he can effect transactions in insurance products for his clients and earn commissions for these activities. The fees you pay our firm for advisory services are separate and distinct from the commissions earned by Mr. Demars for insurance related activities. This presents a conflict of interest because Mr. Demars may have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Mr. Demars spends approximately 30% of his professional time devoted to these Other Business Activities.

Item 5 Additional Compensation

Please refer to the *Other Business Activities* section above for disclosures on Mr. Demars' receipt of additional compensation as a result of his activities as a registered representative of Crown Capital Securities, LP and a licensed insurance agent.

Item 6 Supervision

David Demars is the Chief Compliance Officer of Demars Financial Group LLC, and his advisory activities are not subject to direct supervision. You may contact Mr. Demars at 509-536-9556.

Item 7 Requirements for State Registered Advisers

David Demars does not have any reportable arbitration claims, has not been found liable in a reportable civil, self-regulatory organization or administrative proceeding, and has not been the subject of a bankruptcy petition other than that listed in Item 3 above.

