



# **Lumin Financial, LLC**

## **PART 2A OF FORM ADV – BROCHURE**

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This brochure provides information about the qualifications and business practices of Lumin Financial, LLC. If you have any questions about the contents of this brochure, please contact us at (248)936-9480 or by email at: [vhicks@luminfinancial.com](mailto:vhicks@luminfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration does not imply a certain level of skill or training.

Additional information about Lumin Financial, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Lumin Financial, LLC's CRD number is: 124138.

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## **ITEM 2: MATERIAL CHANGES**

In this item, we discuss only specific material changes that are made to the Brochure since our last annual update. It will also reference the date of the last annual update of the brochure. Each year, pursuant to SEC rules, we will ensure that you receive a summary of all material changes, if any, to this and subsequent Brochures within 120 days of the close of our fiscal year. We may also provide other ongoing disclosure information about material changes as necessary. We will provide you our brochure, at any time, without charge.

Currently, Lumin Financial LLC's Brochure may be requested by contacting Victor H. Hicks II, Chief Compliance Officer, by phone at (248) 936-9480 or via email at [vhicks@luminfinancial.com](mailto:vhicks@luminfinancial.com).

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## **ITEM 4: ADVISORY BUSINESS**

### **Our Owners and Principals**

Lumin Financial, LLC (hereinafter “Lumin,” “we,” “our,” and “us”) is an independent federally registered investment adviser, providing investment advisory services to employer-sponsored ERISA retirement plans, and 401(k) Plan participants. Since the firm’s inception in February of 2000, Lumin has serviced Plan trustees and fiduciaries in the various disciplines of investment management, fiduciary compliance, plan design, and participant education services.

Additionally, Lumin provides investment advisory services to individuals, primarily high-net-worth investors, who seek a comprehensive approach towards building a secure retirement. Advisory services for clients include investment advisory, retirement income planning, and estate planning.

Lumin Financial, LLC is 100% owned by Victor Hayes Hicks II.

### **Our Advisory Services**

Lumin provides the following services to advisory clients:

#### ***ERISA Retirement Plan Services***

We provide services to qualified retirement plans, which are subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), on a discretionary and nondiscretionary basis. As part of our services to qualified plans, we will act as a fiduciary of the plan under Section 3(21)(A)(ii) and when requested as an investment manager under Section 3(38) of ERISA.

Lumin provides a variety of ongoing fiduciary and non-fiduciary services to qualified retirement plans based on an analysis of the needs of the Plan, Plan Fiduciary and Plan Sponsor.

As a Plan “fiduciary,” Lumin provides services that include, but are not limited to:

- Advising on a discretionary and non-discretionary basis to the Plan Sponsor about asset classes and investment alternatives available for the Plan.
- Assisting the Plan Sponsor with the selection of a broad range of investment options consistent with ERISA section 404(c), and the regulations thereunder.
  - As a 3(21) investment advisor, we will not have discretion to invest and reinvest the Plan assets without the Plan Sponsor’s prior consent. Thus, as a 3(21) advisor, we will share responsibility for the selection of investments.

- As a 3(38) investment manager, the Plan Sponsor gives us discretionary authority to manage the Plan's assets. This means the Plan Sponsor shifts their fiduciary responsibility to us for the selection of the Plan's menu of investments.
- Assisting the Plan Sponsor in the development, and ongoing management, of an Investment Policy Statement (IPS).
- Providing the Plan Sponsor with advice on the selection of qualified default investment alternatives ("QDIA"), and other "default" funds.

As a "Non-ERISA Fiduciary," Lumin provides services that include, but are not limited to:

- Delivering retirement and investment education to Plan participants, designed to increase retirement Plan participation and illustrate the importance of a calculated retirement savings strategy.
- Reporting on performance, risk and fees of investment alternatives available for the Plan.
- Conducting "provider searches" of various recordkeepers, custodians, and third party administrators.
- Performing an analysis of the fees and expenses associated with all service providers.

#### ***401(k) Plan Participant Services***

As part of our services to qualified retirement plans, we will provide investment advice as a fiduciary as defined in Sections 3(21)(A) and 3(38) of ERISA, to Plan participants who specifically request such advice. Lumin provides services to 401(k) Plan participants as a "Participant Adviser," delivered through our advisory arrangement, titled "Managed Account Program" (hereinafter "MAP"). The MAP offers a broad range of "Allocation Models," representing various levels of risk and return. Each Allocation Model is comprised of a diversified portfolio of competitively-priced mutual funds or exchange-traded funds ("ETFs").

In our comprehensive approach to operating the MAP, Lumin's process adopts the seven "Global Fiduciary Principles," which include:

1. Know the professional standards, governing laws, and provisions of ERISA plans
2. Diversify assets to a specific risk/return profile of the Plan participant
3. Prepare the participant's IPS
4. Select prudent investments, and document the activities
5. Control and account for investment expenses

6. Monitor the selected investments
7. Avoid conflicts of interest and prohibited transactions

### ***Individual Investment Advisory Services***

Lumin provides investment advisory services for individuals (which includes individuals, high-net-worth investors, charitable organizations, and corporations) on a discretionary basis.

Investment advisory services are based on the individual goals, objectives, time horizon, and risk tolerance of each client. Based on the information provided by each client, Lumin creates and delivers an IPS, which includes a projection of retirement income and investment risk. The IPS outlines the client's income, wealth, risk tolerance and tax levels; and it helps establish parameters for the investment advisory process.

Investment Advisory Services include, but are not limited to, the following:

- Analyzing the economy and financial markets;
- Developing and managing investment strategy;
- Constructing and managing the personal investment policy;
- Implementing asset allocation and securities selection; and
- Continuously monitoring and reporting progress of the portfolio.

We rely upon the information you provide us; Lumin will not independently verify the accuracy or completeness of the information you provide. Therefore, clients must let us know, in writing, if their financial needs, circumstances or objectives change.

Clients receiving discretionary investment advisory services may also elect to receive additional, non-discretionary advice with respect to outside accounts, including retirement accounts, for no additional fee. If a client elects to receive this additional service, Lumin will provide investment recommendations for the client's identified outside accounts based on the strategies available to such accounts for the client's self-implementation.

### ***Recommendations to Rollover or Transfer Retirement Assets***

We act as an "investment advice fiduciary" under ERISA and the Internal Revenue Code of 1986, as amended (the "Code") when we make a recommendation to a retirement investor to distribute or transfer ("rollover") a retirement plan account or individual retirement account including, Health Savings Accounts ("HSAs"), Medical Savings Accounts ("MSAs") and Coverdell Education Savings Accounts ("Educational IRAs") to us for management. Retirement investors include ERISA plans, participants and individual retirement account ("IRA") owners. If you accept the recommendation, Lumin will receive compensation that we would not

otherwise receive. Therefore, the recommendation creates a conflict of interest. To address this conflict we must comply with the impartial conduct standards that require us to always provide prudent investment advice designed to meet the retirement investor's investment goals. We must put the retirement investor's financial interest ahead of our own interests when making such recommendations and avoid misleading statements about conflicts of interest, fees, and investments. In addition, among other requirements, our fees must be reasonable for our services.

A retirement investor leaving an employer has four options regarding an existing retirement plan (and under certain circumstances may engage in a combination of the following options). We will provide general education, for discussion purposes, regarding the "pros and cons" to each of these choices: (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an IRA, or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If we recommend a roll over from a retirement plan account or a transfer of an IRA account into an account to be managed by Lumin, such a recommendation creates a conflict of interest if the retirement investor accepts the recommendation as we earn a fee on the market value of the rollover or transferred IRA which would not be earned if the money was not placed under our management.

### ***529 Education Plan Advisory Services***

Lumin provides investment advisory services for 529 Education Plans. Investment advisory services are based on the individual goals, objectives, time horizon, and risk tolerance of each client.

### ***Financial Planning Services***

Financial Planning Services may include, but are not limited to: investment planning, life insurance, tax concerns, retirement planning, college planning, and debt/credit planning. Implementation of any advice or recommendations pertaining to securities and/or non-securities matters (such as insurance), in whole or in part, is entirely at the client's discretion through the service provider(s) of the client's choice. Clients will engage us by first executing a Financial Planning agreement and our services are offered on a fixed fee or hourly fee basis. If you choose to engage us to provide other services, such as investment advisory, you will sign a separate investment advisory agreement and pay a separate and additional fee.

### ***Types of Investments***

Lumin limits our investment advice to mutual funds, equities, bonds, fixed income, debt securities, ETFs, insurance products including fixed annuities and government securities. Lumin may use other securities as well to help diversify a portfolio when applicable.

## Client Tailored Services and Client Imposed Restrictions

Lumin offers the same suite of services to all of our clients. However, each client's financial plan and implementation is dependent upon the client's IPS. The IPS outlines each client's current situation (income, tax levels, time horizon, and risk tolerance levels) and is used to construct a specific plan that best matches the client's restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Lumin from properly servicing the client account, or if the restrictions would require Lumin to deviate from our standard suite of services, Lumin reserves the right to end the relationship.

### ***Assets Under Management***

<b>Regulatory Discretionary Assets</b>	<b>Regulatory Non-discretionary Assets</b>	<b>Non-Regulatory Assets</b>	<b>Date Calculated</b>
\$145,858,745	\$29,599,792	\$1,533,156	12/31/2022

## **ITEM 5: FEES AND COMPENSATION**

### **Advisory Fee Schedules**

Fees for services provided by Lumin are based on the type of engagement. We establish the specific manner in which we charge our fees in the written agreement signed with us prior to beginning our relationship with the client.

### ***ERISA Retirement Plan Services Fee Schedule***

Our standard fee schedule for ERISA Retirement Plan Services are:

<b>Total Plan Assets</b>	<b>Annual Fee (% of Plan value)</b>
First \$500,000	1.00%
Next \$500,000	0.80%
Next \$500,000	0.60%
Next \$500,000	0.40%
Next \$500,000	0.20%
Over \$2,500,000	Negotiable

These fees are negotiable depending upon the needs of the Plan including the complexity of the plan design and support services. Fees are paid either quarterly or monthly, in advance or in arrears, depending on the capability of the selected record-keeper or custodian. Typically, fees charged in advance, are computed based on the last day of the preceding quarter. Our initial fee



will be prorated for the number of days remaining in the initial fee period from the effective date of our agreement, based on the market value of the Plan assets on the first business day of the initial fee period. Clients may terminate the contract with thirty days' written notice. If the Investment Advisory Agreement is terminated prior to the end of the fee period, Lumin will be entitled to a fee, prorated for the number of days in the fee period. Any unearned fee will be returned within fourteen calendar days to the client via check or deposit back into client's account.

If an account is established with margin capabilities, we will determine the fee based upon the net equity in the account (It should be noted, however, that we do not use margin for trading purposes).

#### ***401(k) Plan Participant Services Fee Schedule***

The annual asset-based MAP fee can be as much as 0.80% of the assets invested within the Plan's models. This fee is negotiable through the Plan Sponsor or Trustee on behalf of the participants of the Plan and is typically paid quarterly in arrears. Fees are computed on the last day of the quarter. No proration of fees is calculated upon entry or termination of the program. The Plan Sponsor or Trustee may terminate the Client Service Agreement by instructing the record-keeper to transfer funds from an Allocation Model of the MAP, into any of the Plan's core investment alternatives.

#### ***Individual Investment Advisory Fee Schedule***

Our standard fee schedule is as follows:

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
First \$200,000	1.75%
Next \$300,000	1.50%
Next \$500,000	1.25%
Next \$1,000,000	1.00%
Next \$2,000,000	0.85%
Next \$2,000,000	0.70%
Next \$2,000,000	0.55%
Next \$2,000,000	0.40%
Over \$10,000,000	0.25%

Our fees are negotiable, and Lumin may offer a discount on fees in our sole discretion. When determining whether to discount our fees, Lumin will consider a variety of factors including, but not limited to, the nature of the client relationship and the potential for future contributions. Fees are typically billed quarterly, in advance, at the beginning of each calendar quarter based on the previous quarter end market value. Our fee will be one-fourth of the applicable annual fee set forth above multiplied by the fair market value of the assets in the

account, on the last trading day of each calendar quarter. Clients may terminate their contracts within thirty days' written notice. The charges for the calendar quarter in which our agreement becomes effective and the calendar quarter in which the agreement is terminated will be pro-rated for the number of days which the agreement was in effect. Any unearned fee will be returned within fourteen calendar days to the client via check or deposit back into client's account.

### ***529 Education Plan Fee Schedule***

Lumin's fee for these services is 1.00% of 529 plan assets for those accounts whose fees are direct-billed. This fee is negotiable and is collected in the same fashion as our Individual Investment Advisory fees above. Clients may terminate their contracts within thirty days' written notice. For 529 plans that are held with a brokerage account, the fee is determined by the entire household relationship.

### ***Financial Planning Fixed Fee Schedule***

Our fee for financial planning services is determined based on the complexity of the financial plan and will be charged either hourly or as a flat fee. The flat fee rate for creating client financial plans is typically between \$1,000 and \$10,000. The hourly fee for these services is between \$150 and \$350. Our fee is negotiate at the onset of the relationship and our agreement includes a service fee and projected time needed to complete our services. If development of a client's financial plan exceeds the predetermined time projection listed in the financial planning agreement, or if a client requests additional services beyond the scope of the agreement, clients will be charged an additional hourly fee.

A retainer equal to fifty percent (50%) of our quoted service fee is due in advance, but never more than six months in advance, with the remainder due upon the presentation of the financial plan. If the client terminates our service, our fee is calculated based on the prorated amount of work completed at the point of termination. Fees that are charged in advance will be refunded within fourteen calendar days to the client via check or deposit back into client's account.

### **Payment Method of Advisory Fees**

#### ***Payment of ERISA Retirement Plan Advisory Fees***

Advisory fees are withdrawn directly from Plan Participant accounts with Plan Sponsor's written authorization or may be invoiced and billed directly to the Plan Sponsor. The Plan Sponsor will select the method in which they are billed in the Client Service Agreement.

### ***Payment of Individual Investment Advisory Fees***

Advisory fees are withdrawn directly from the client's investment account, with client written authorization. If necessary, Lumin may liquidate investments in the account in order to pay our fees. Fees are paid quarterly, in advance. Not less than quarterly, the custodian will provide you with a statement indicating all amounts disbursed from the account; this will include a separate amount for our advisory fees paid. Advisory fees may be invoiced and billed directly to the client with payments due by the fifteenth day following the start of the calendar quarter. The client will select the method in which they are billed.

### ***Payment of Financial Planning Fees***

Hourly and fixed fee Financial Planning fees are paid via check or account debit.

### **Clients are Responsible for Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Lumin.

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses incurred in connection with providing investment advisory services to you. Notably, most custodians have now adopted zero-cost trading for common stocks and exchange traded fund ("ETF") investments. On the occasions we use mutual funds they will be no load or load waived. Our mutual fund and ETF investments generally carry low expense ratios, which are disclosed in the fund's prospectus. Any such charges, fees and commissions are in addition to our fee. It is important for you to understand that if you are invested in funds that charge a management fee, shareholder servicing, or other fund expense, you are directly and indirectly paying two levels of advisory fees and expenses: one layer of fees and expenses at the fund level and one layer of advisory fees to us. Generally speaking, most mutual funds may be purchased directly without the benefit of using our services.

In addition, you may incur other fees and charges not directly related to the execution and clearing of transactions imposed by third-parties, including, but not limited to, transfer taxes, wire transfer and electronic fund fees, check writing fees, custodial termination fees, and other fees and taxes on brokerage accounts and securities transactions. We do not receive any compensation from such fees. Please see "Item 12: Brokerage Practices," beginning on page 14 of this brochure regarding broker/custodian fees.

### **Outside Compensation for the Sale of Securities to Clients**

Neither Lumin nor our supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Lumin does not accept performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a client.

## **ITEM 7: TYPES OF CLIENTS**

Lumin generally provides investment advisory services to the following types of clients:

- ERISA Retirement Plans (including trustee-directed services)
- 401(k) Plan Participants
- Individuals (individuals, high-net worth investors, charitable organizations, and corporations)

### **Minimum Account Size**

There is an account minimum, \$250,000, which we may waive if, for example, clients expect to contribute additional assets in the near future, have other individual accounts with Lumin, or at our discretion.

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

Lumin reviews trading practices to ensure all recommendations made are executed in respective client accounts, at various custodians, within a reasonable time period. Lumin utilizes software to expedite these recommendations and documents decisions and actions accordingly. In addition, should this not occur, files will be maintained with our brief rationale of changes, if any.

### **Methods of Analysis**

Lumin's primary method of analysis is fundamental analysis.

**Fundamental analysis** (also known as economic analysis) involves the consideration of economic conditions, as well as, financial or economic trends. Many indicators are employed to quantify economic and industry conditions; such as, providing insight into the future risks (and profit potential) of corporations and governments.

Fundamental analysis includes, but is not limited to, the following indicators: Gross Domestic Production, corporate profits, job creation, international interactions, securities markets, monetary policy, fiscal policy, inflation and interest rates.

**Industry analysis**, a form of fundamental analysis, involves the process of making investment decisions based on the different stages of an industry, during a given point in time. The position taken in a security will depend on firm-specific characteristics, as well as, industry life cycles.

Industry analysis includes, but is not limited to, the following factors: Business cycle sensitivities, influences on industry outcomes, demographics, politics and regulations, credit risk, and liquidity risk.

### Investment Strategies

In each of our strategies, Lumin seeks to choose securities that outperform their relative benchmark over time; through careful securities selection, combined with rigorous portfolio risk management. As with any investment strategy, there is no assurance that the strategy will achieve its stated objective.

In our pursuit of optimal risk-adjusted returns, we pay close attention to other (more controllable) factors that can have a negative impact on investment performance; such as, taxes, investment fees, and inflation.

Sources of information used in the investment advisory process include: various electronic financial data providers, electronic news services, portfolio optimization software, financial software applications, and research materials prepared by outside services.

### ***Equity Strategy***

Lumin's method of analysis for equities is fundamental, intended to lead to the understanding of business and investment success. Our equity strategy is primarily value-based, one of the two mainstream approaches to investing.

Our approach is based on two principles which guide our activity:

First, our definition of "value" is based on earning power, or a company's ability to generate a profit to reinvest or pay out to shareholders. So, we attempt to invest in stocks of companies with rising or high returns on equity or invested capital. We recognize that equity prices deviate from levels that reflect corporate earning power. Thus, we intend to primarily purchase issues at attractive prices, using proven valuation methods.

Second, since investment decisions are made with uncertainty, preservation of value (or management of risk) requires effective diversification. Successful diversification increases the probability of good returns, while limiting capital losses.

We view the stock selection process as two distinct exercises: (i) fundamental analysis and (ii) valuation. Both portfolio holdings and potential investments are frequently sorted and ranked according to their industry dominance, sector outlook, and expected risk-based

performance. We review a variety of financial and other fundamental characteristics to produce a pool of potentially investable candidates that merit further investigation. This universe typically includes U.S.-based publicly traded companies, as well as historically-successful foreign companies that trade ADRs.

### ***Fixed Income Strategy***

Lumin's fixed income strategy is consistently managed with a conservative and long-term approach. The successful management of fixed-income securities is as important to us as that of the (more popular) equity securities.

We attempt to "add value" to the Fixed Income strategy, in lower risk rather than higher risk methods. Most notably, bond duration, maturity, and credit quality are primary features of the approach. Additionally, a great deal of emphasis is placed on the identification of fixed income sectors that will perform best in the current and future, environments.

### **Material Risks Involved**

***Risk of Loss: Clients should understand that investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.***

The risk of loss with our equity strategy principally includes: a) general risk of the equity market, in which losses can be both large and frequent, b) risk in particular areas of the equity market (examples would be financial stocks during the recent global economic and financial market decline) and high portfolio concentrations in particular areas of the equity market and c) risk of individual holdings whose business may deteriorate substantially. Investments in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower-rated and non-rated securities present a greater risk of loss, to principal and interest, than higher-rated securities.

### **Risks of Specific Securities Utilized**

Lumin generally seeks investment strategies that do not involve speculative or unusual risk beyond that of the general domestic and/or foreign markets. All investments carry some amount of risk. Lumin's investment strategy may be subject to the following principal investments risks:

- **Credit Risks** – The risk that the portfolio could lose money if the issuer of guarantor of a fixed income security, or the counter-party to a derivative contract, is unable or unwilling to meet its financial obligations.
- **Currency Risks** – The risk that foreign currencies will decline in value relative to the U.S. dollar and affect a portfolio's investments in foreign (non-U.S.) currencies or in

securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies.

- **Cybersecurity** – The computer systems, network and devices used by us and service providers to us and our clients, to carry out routine business operations employ a variety of protections designed to prevent damage or interruption. Despite the various protections utilized systems, networks, or devices potentially can be breached. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties.
- **Foreign Investment Risk** – Investment risks are typically greater in foreign markets than domestic markets, which can be more vulnerable to recessions, price volatility, inflation, market failure, political or economic instability.
- **Equity Risks** – The risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.
- **ETF Risks** – A portfolio will be exposed indirectly to all of the risks of securities held by an ETF.
- **High-Yield Securities Risk** – High-yield securities have a much greater risk of default or of not returning principal and tend to be more volatile than higher-rated debt securities of similar maturity.
- **Interest-rate Risk** – The risk that fixed income securities will decline in value because of an increase in interest rates.
- **Issuer Risk** – The value of a security may decline because of adverse events or circumstances that directly relate to conditions at the issuer or any entity providing it credit or liquidity support.
- **Industry Concentration** – The risks of focusing investments in a small number of sectors or industries, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.

- Liquidity Risk – A security may not be able to be sold at the time desired or without adversely affecting the price.
- Market Risk – The market price of securities held by a portfolio may rapidly or unpredictably decline due to factors affecting securities markets generally or particular industries.

### **ITEM 9: DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As a registered investment adviser, Lumin must disclose information regarding our business activities, other than giving investment advice, and financial planning, our other activities in the financial industry, and any arrangements with related persons that are material to you or our advisory business. Victor Hicks II, Sandra Kerr, Brad Bell and Rhoda Woods, in their individual capacities, are licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Lumin always acts in the best interest of the client; including the sale of commissionable products to advisory clients. To mitigate this conflict, clients are in no way required to implement the plan through any representative of Lumin in their capacity as an insurance agent.

We are also required to disclose if we receive cash or other economic benefits for a third-party in connection with advising you. Lumin does not utilize or select other investment advisers to manage your assets and have no applicable information to disclose.

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

#### **Code of Ethics**

We have adopted a Code of Ethics describing the standards of business conduct we expect all principals, employees, and advisory representatives to follow. Our Code also describes certain reporting requirements with which particular individuals associated with or employed by us must comply. Clients may request a copy of our Code of Ethics by contacting us at (248) 936-9480.



## Investing in Securities Recommended to Clients

Lumin does not recommend that clients buy or sell any security in which a related person to Lumin has a material financial interest. From time to time, representatives of Lumin may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Lumin to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Lumin will ensure that our related persons transactions do not adversely affect our clients nor improperly benefit them. We typically mitigate this risk by transacting client business before our related persons when similar securities are being bought or sold.

## **ITEM 12: BROKERAGE PRACTICES**

### Factors Used to Select Custodians and/or Broker/Dealers

Lumin recommends clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them.

Schwab was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors

## Research and Other Soft-Dollar Benefits

Lumin receives no research, product, or service in connection with client securities transactions. However, we do receive certain benefits through Schwab Advisor Services™ which serves independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

## Brokerage for Client Referrals

Lumin receives no referrals from a broker-dealer or third party recordkeepers in exchange for using that broker-dealer or third party recordkeeper.

## Clients Directed Brokerage

If a client account is subject to ERISA and the client directs us to use a particular broker-dealer to execute securities transactions for their account, the following apply:

- the Plan fiduciary retains and accepts sole responsibility for determining whether the directed brokerage arrangement is reasonable in relation to the benefits the Plan receives;

- the Plan fiduciary acknowledges and represents to us that the directed brokerage arrangement is used solely and exclusively for the Plan's and the participants' benefit; and
- the Plan fiduciary acknowledges and represents to us that the directed brokerage arrangement is permissible under the Plan's governing documents.

In addition, the client should understand that the direction of a particular broker-dealer is a limitation on our brokerage discretionary authority. As a result:

- We are not in a position to negotiate the commissions or spreads for clients;
- A disparity may occur in commission or transaction costs when compared to clients who do not direct us to use a specific broker;
- Best execution for a client's account and transactions may not be achieved due to higher commissions, greater spreads or less favorable prices than may be realized if we had the ability to select the broker-dealer and negotiate price and commission.

In directing us to use a broker-dealer for client transactions, client represents that it has evaluated the broker-dealer and confirmed to their own satisfaction that the broker-dealer will provide client with best execution.

#### Aggregating (Block) Trading for Multiple Client Accounts

Lumin maintains the ability to block trade purchases across accounts. In doing so, we strive to treat each client fairly and will not favor one client over another client. When executed, we will allocate the aggregated order in accordance with policies and procedures intended to achieve fair treatment. The purpose of aggregating orders is for our administrative convenience and, in some transactions, to obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately. Each account that participates in an aggregated order will participate at the average share price for all transactions ordered by Lumin in that security on a given business day. Trades initiated by a client's cash deposit or request for a cash withdrawal, or any client-initiated change in their investment strategy, may not be subject to this block trading procedure.

We will not aggregate orders for a client having a directed brokerage relationship with a client who does not have a directed brokerage relationship with the same broker-dealer. A consequence of not aggregating a client's order with other orders for the same securities is that the client may not obtain as good a price in a separate transaction as clients whose orders have been aggregated.

## Fees

For the purposes of limiting transaction costs; Lumin typically maintains about one percent, of the account, in cash to cover investment advisory fees.

## **ITEM 13: REVIEW OF ACCOUNTS**

### Frequency and Nature of Periodic Reviews

Client accounts are reviewed at least semi-annually by Victor Hicks II and/or Sandra Kerr. The advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. At a minimum, all accounts at Lumin are assigned to the CCO for review.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Victor Hicks II and/or Sandra Kerr. There is only one level of review and that is the total review conducted to create the financial plan.

### Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### Frequency of Regular Reports Provided to Clients

As described in more detail under "Item 15: Custody," each client will receive, at least quarterly, a written report detailing the client's account which will come from their qualified custodian. Clients also receive a quarterly performance report with current holdings from Lumin, but the statements received from the custodian are the client's "official" documents.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

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

Lumin must inform you if we receive an economic benefit from a third party, who is not a client, for providing investment advice or other advisory services to our clients. As described in more detail in the section titled "Item 12: Brokerage Practices", we receive various benefits and services from Schwab.

As described in "Item 10: Other Financial Industry Activities and Affiliations," beginning on page 13, Victor Hicks II, Sandra Kerr, Brad Bell, and Rhoda Woods in their individual capacities, are licensed insurance agents.

## Compensation to Non-Advisory Personnel for Client Referrals

Our firm does not pay referral fees to independent persons or firms ("Promoters") for introducing clients to us.

### **ITEM 15: CUSTODY**

Lumin is deemed to have custody when we are authorized, by the client, to directly debit our advisory fees from the client's qualified custodian account. In addition, some clients wish to grant Lumin the limited power to disburse funds to one or more third parties as specifically designated by the client via a signed Standing Letter of Authorization "SLOA". After granting us this limited authorization, the client then instructs the qualified custodian for the client's account to accept Lumin's direction on the client's behalf to move money to the third party designated by the client on the SLOA. We are authorized to act merely as an agent for the client. The client retains full power to change or revoke the arrangement. Under such an arrangement, we are deemed to have custody of client assets and are required to comply with the Custody Rule under Rule 206(4)-2.

You will receive account statements from the independent, qualified custodian holding your funds and securities at least quarterly. The account statements from your custodian will indicate the amount of our investment advisory fees deducted from your account each billing period. We urge you to carefully review your account statements for accuracy. You should compare our reports with the statements from your account custodian 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.

### **ITEM 16: INVESTMENT DISCRETION**

Lumin provides our services on a discretionary and non-discretionary basis to our clients. If you choose to give Lumin discretionary authority, you grant us the ability to determine, without obtaining your specific consent, the securities to purchase or sell for your portfolio and the amount of securities to be purchased or sold. In all cases, however, such discretion is to be exercised in a manner consistent with your stated IPS or any other investment policies, limitations and restrictions you provide to us in writing. Also, you will sign an agreement with your custodian which generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within the account.

### **ITEM 17: VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, Lumin will not ask for, nor be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in client accounts. You will direct your custodian to send all proxy materials

and corporate communications to you for response and voting. You should direct all proxy questions to the issuer of the security.

### **ITEM 18: FINANCIAL INFORMATION**

As a registered investment adviser, we must disclose certain information about our financial condition, if we have financial commitments that impair our ability to meet contractual and fiduciary obligations to you. We have not been the subject of a bankruptcy proceeding nor do we have any financial commitments that would impair our ability to meet contractual or fiduciary commitments to you.

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