

**Item 1: Cover Page  
Part 2A of Form ADV: Firm Brochure  
March 2023**



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**Firm Contact:  
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Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Safe Harbor Asset Management, Inc. If clients have any questions about the contents of this brochure, please contact us at (631) 421-4341. 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 our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #124787.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Safe Harbor Asset Management, Inc. is required to make clients aware of information that has changed since the last annual update to the Firm Brochure ("Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

At this time, there are no material changes to report about the Brochure since the last annual amendment filed on March 3, 2022.

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## Item 4: Advisory Business

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed under the laws of the State of New York in 1995 and has been in business as an investment adviser that time. Our firm is wholly owned by Stephen K. Davis.

Our firm provides asset management and investment consulting services for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

### **Types of Advisory Services Offered**

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#### **Portfolio Management Services:**

We provide advice regarding the investment of client funds based on the individual needs of the client and the investment philosophy of our firm. Through personal discussions in which the financial objectives, investment time horizon and risk tolerance of a client's particular circumstances are established and written in a personal Investment Policy Statement. We provide this service to individuals, pension and profit sharing plans, and corporations.

We may create a portfolio of mutual funds, closed end funds, exchange traded funds, real estate investment trusts and other pooled investment vehicles and directly manage the investments. When managing a portfolio of funds, we will allocate the client's assets among the various investments and thereafter periodically rebalance and reallocate the portfolio assets. Accounts will be reviewed for rebalancing on a quarterly basis and upon the occurrence of market events, and rebalanced as appropriate at such times. Funds and other pooled investments vehicles will be selected on the basis of any or all of the following criteria: performance history; the industry sector or investment objective represented by the fund; the track record of the fund's manager; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting among funds will be determined by each client's individual needs and circumstances. Clients will retain individual ownership of all securities.

#### **Financial Planning & Consulting:**

Our firm provides a variety of standalone financial planning and consulting services to clients for the management of financial resources based upon an analysis of current situation, goals, and objectives. Financial planning services will typically involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, 1031 Exchange Consulting, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, or Business and Personal Financial Planning.

Written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations will be at the discretion of the client. Our firm provides clients with a summary of their financial situation, and observations for financial planning engagements. Financial consultations are not typically accompanied by a written summary of observations and recommendations, as the process is less formal than the planning service. Assuming that all the information and documents requested from the client are provided promptly, plans or consultations are typically completed within 6 months of the client signing a contract with our firm.

### **Retirement Plan Consulting:**

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising may include:

- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.
- Participant Education – Our firm will provide opportunities to educate plan participants about their retirement plan offerings, different investment options, and general guidance on allocation strategies.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

### **Educational Seminars**

Our firm occasionally holds invitation-only seminars on the techniques and strategies of financial planning. The seminars cover topics such as Modern Portfolio Theory, Asset Allocation, Retirement Planning, Estate Planning, Investment Planning, Specific Investment Product Sessions and generic education sessions on the aspects of financial planning.

## **Tailoring of Advisory Services**

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Our firm offers individualized investment advice to our Portfolio Management clients. General investment advice will be offered to our Financial Planning & Consulting clients.

Each Portfolio Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

## **Participation in Wrap Fee Programs**

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Our firm does not offer or sponsor a wrap fee program.

## **Regulatory Assets Under Management**

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Our firm manages \$34,327,436 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2021.

# **Item 5: Fees & Compensation**

## **Compensation for Our Advisory Services**

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### **Portfolio Management Service:**

<b>Assets Under Management</b>	<b>Quarterly Percentage of Assets Charge</b>	<b>Annual Percentage of Assets Charge</b>
First \$250,000	0.625%	2.50%
Next \$250,001 to \$500,000	0.25%	1.00%
Next \$500,001 to \$2,000,000	0.20%	0.80%
Next \$2,000,001 to \$5,000,000	0.15%	0.60%
Over \$5,000,001	Negotiable	Negotiable

Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) assets on the date it is deducted. The value of the assets will be the market value reported by the custodian maintaining the client's assets, and if there is no reported value for an asset, then the value of such asset will be the fair value as determined by our firm. Fees are negotiable and will be deducted from client account(s). Our firm bills on cash balances unless otherwise indicated in writing. Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice. For new accounts, the initial advisory fee will be based upon the value of the client's assets and will be prorated from the date the account is fully funded, and will be due and payable at such time. Subsequent quarterly fees will be deducted from the client's account. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;

- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

### **Financial Planning & Consulting:**

Our firm charges on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$275. Flat fees range from \$1,500 to \$2,500. Our firm requires a retainer of 50% of the ultimate financial planning or consulting fee at the time of signing. The remainder of the fee will be directly billed to the client and due within 30 days of a financial plan being delivered or consultation rendered. Typically, the financial plan will be presented to the client within 10 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the client. For 1031 Exchange Consulting, our firm shall provide financial consultations in two phases. In Phase One, clients shall be charged a flat fee not to exceed \$5,000 for the initial interview with the client as well as the research conducted and 1031 Exchange Plan proposed following an initial client meeting. Clients who engage in Phase Two, shall be charged a fee not to exceed 6% of the assets (debt and equity) of the completed 1031 Exchange Plan which has resulted from our firm's due diligence and assistance with various administrative tasks. Our firm will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 months.

### **Retirement Plan Consulting:**

Our Retirement Plan Consulting services are billed a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Fees will not exceed 1.00%. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

### **Educational Seminars:**

Our firm shall not charge fees for educational seminars.

### **Other Types of Fees & Expenses**

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Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. TD Ameritrade, Inc. ("TD Ameritrade") does not charge transaction fees for U.S. listed equities and exchange traded funds.

These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Certain Funds also impose sales charges. A client could invest in a Fund directly, without the services of our firm. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which Fund or Funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by our firm to fully understand the total

amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. Our firm does not receive a portion of these fees.

### **Termination & Refunds**

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The client has the right to terminate the advisory agreement signed with our firm for Portfolio Management Services without penalty within five business days after entering into the agreement. Either party may terminate the advisory agreement signed with our firm for Portfolio Management services or any reason 30 days after receipt of written notice. Upon termination of any account, our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance at the beginning of the quarter. In the event the termination of a client agreement involves a liquidation of securities or a withdrawal of funds from an account upon client request, any fees, commissions, or other expenses associated with the withdrawal or liquidation may be charged to the client.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. In the event of a termination of the agreement before the delivery of a financial plan, work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm prior to the receipt of notice of termination. In addition, in the event of termination by the client after signing the contract, there is a minimum administrative fee in the amount of \$75.00.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

### **Commissionable Securities Sales**

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Our firm and representatives do not sell securities for a commission in advisory accounts.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

Our firm does not charge performance-based fees.

## **Item 7: Types of Clients & Account Requirements**

Our firm has the following types of clients:

- Individuals
- High Net Worth Individuals;



- Pension and Profit Sharing Plans;

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Our firm requires a minimum account balance of \$100,000 for our Portfolio Management service. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm.
- Written financial plans are generally assessed a minimum fee of \$1,500.
- In limited circumstances, these minimums may be negotiable based on the nature and scope of the client relationship.

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

### Methods of Analysis

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Our firm uses a fundamental investment approach known as Modern Portfolio Theory.

- **Modern Portfolio Theory ("MPT"):** A mathematical framework for assembling a portfolio of assets such that the expected return is maximized for a given level of risk, defined as variance. Its key insight is that an asset's risk and return should not be assessed by itself, but by how it contributes to a portfolio's overall risk and return. MPT assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists that has better expected returns.

### Investment Strategies We Use

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We use various computer based analytical tools to determine the relevant characteristics of our investment strategies such as standard deviation, correlation coefficient, expected rate of return, etc. We currently rely on Morningstar, Bloomberg, State Street and iShares web based analytical software.

### Risk of Loss

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, are appropriately diversified in investments, and ask any questions.

### Description of Material, Significant or Unusual Risks

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Our firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, our

firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to our Portfolio Management service, as applicable.

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

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

Representatives of our firm are insurance brokers. They offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest exists as these insurance sales create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn. To mitigate this potential conflict, our firm will act in the client's best interest.

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

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day unless included in a block trade.

## **Item 12: Brokerage Practices**

### **Selecting a Brokerage Firm**

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Our firm does not maintain custody of client assets. Client assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

With this in consideration, our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers services to independent investment advisers which includes custody of securities, trade execution, clearance and settlement of transactions. TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade does not charge client accounts separately for custodial services. Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client's custodial account. Transaction fees are negotiated with TD Ameritrade and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise.

TD Ameritrade may make certain research and brokerage services available at no additional cost to our firm. Research products and services provided by TD Ameritrade may include: research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

TD Ameritrade does not make client brokerage commissions generated by client transactions available for our firm's use. The aforementioned research and brokerage services are used by our firm to manage accounts for which our firm has investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend TD Ameritrade and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Our clients may pay a transaction fee or commission to TD Ameritrade that is higher than another qualified broker dealer might charge to effect the same transaction where our firm determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided to the client as a whole.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions.

## **Soft Dollars**

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Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients but not necessarily all at any one particular time.

## **Client Brokerage Commissions**

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TD Ameritrade does not make client brokerage commissions generated by client transactions available for our firm's use.

## **Client Transactions in Return for Soft Dollars**

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Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

## **Brokerage for Client Referrals**

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Our firm does not receive brokerage for client referrals.

## **Directed Brokerage**

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Neither our firm nor any of our firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our firm routinely requests that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of TD Ameritrade. Each client will be required to establish their account(s) with TD Ameritrade if not already done. Please note that not all advisers have this requirement.

## **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **Client-Directed Brokerage**

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Our firm allows clients to direct brokerage outside our recommendation. Our firm may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

## **Aggregation of Purchase or Sale**

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Our firm provides investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when our firm believes that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, our firm attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Item 13: Review of Accounts or Financial Plans**

Stephen K. Davis reviews accounts on at least a quarterly basis for our Portfolio Management clients. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, expected rate of return, expected risk and portfolio weighting and investment policies, if applicable. Clients of our firm will receive approximately 8 reports annually, consisting of four quarterly rebalance analysis reports and 4 quarterly valuation reports as well as billing reports. These reports are run using the Advent Black Diamond program and available online to our clients through their client portal. A paper version is also sent out to clients upon request. The valuation report given is the Custom Performance Report. This will show year to date performance on the total account as well as any withdrawals or contributions made. A breakdown of the performance of each position held in the account will be included as well as a time weighted return of performance from inception compared to the custom benchmark for the composite they are in. A Billing report is also given which discloses their quarterly management fee that was deducted as well as a breakdown of how that was calculated.

Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Our firm does not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage our firm for a post-financial plan meeting or update to their initial written financial plan.

## Item 14: Client Referrals & Other Compensation

### TD Ameritrade

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Our firm may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice given to clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

### Referral Fees

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In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, our firm provides cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals). Such compensation arrangements will not result in higher costs to the referred client. In this regard, our firm maintains a written agreement with each unaffiliated person that is compensated for testimonials or endorsements in an aggregate amount of \$1,000 or more (or the equivalent value in non-cash compensation) over a trailing 12-month period in compliance with Rule 206 (4)-1 of the Investment Advisers Act of 1940 and applicable state and federal laws. The following information will be disclosed clearly and prominently to referred prospective clients at the time of each testimonial or endorsement:

- Whether or not the unaffiliated person is a current client of our firm,
- A description of the cash or non-cash compensation provided directly or indirectly by our firm to the unaffiliated person in exchange for the referral, if applicable, and
- A brief statement of any material conflicts of interest on the part of the unaffiliated person giving the referral resulting from our firm's relationship with such unaffiliated person.

In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

## **Item 15: Custody**

Our firm does not have custody of client funds or securities. All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian, TD Ameritrade:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16: Investment Discretion**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.



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

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

### **Item 18: Financial Information**

Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Our firm has never been the subject of a bankruptcy proceeding.