



PROFESSIONAL  
FINANCIAL  
*Purposeful Wealth Management*

# Firm Brochure

## Form ADV, Part 2A

Dated March 30, 2023

## Professional Financial Strategies, Inc.

*IARD/CRD File Number: 125580*

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This brochure provides information about the qualifications and business practices of Professional Financial Strategies, Inc. (the "Advisor"). If you have any questions about the contents of this brochure, please contact us at (585) 218-9080 or [planning@professionalfinancial.com](mailto:planning@professionalfinancial.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. References herein to Advisor as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Additional information about Advisor is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## Item 2/Material Changes

### MATERIAL CHANGES FOR UPDATE OF SEC REGISTRATION

No material changes have been made to Advisor's Part 2A Brochure since last year's Annual Amendment filing on March 30, 2022.

Advisor's Chief Compliance Officer, Paul Byron Hill, remains available to address any questions regarding this Part 2A, including disclosure additions and enhancements below.

## Item 3/Table of Contents

Item 1	Cover Page.....	Page 1
Item 2	Material Changes .....	Page 2
Item 3	Table of Contents.....	Page 2
Item 4	Advisory Business.....	Page 3
Item 5	Fees and Compensation .....	Page 8
Item 6	Performance-Based Fees and Side-by-Side Management .....	Page 10
Item 7	Types of Clients.....	Page 11
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	Page 11
Item 9	Disciplinary Information.....	Page 14
Item 10	Other Financial Industry Activities and Affiliations .....	Page 14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	Page 15
Item 12	Brokerage Practices.....	Page 15
Item 13	Review of Accounts .....	Page 16
Item 14	Client Referrals and Other Compensation.....	Page 17
Item 15	Custody .....	Page 17
Item 16	Investment Discretion.....	Page 17
Item 17	Voting Client Securities .....	Page 17
Item 18	Financial Information .....	Page 17
	Privacy Policy.....	Page 18



## Item 4/Advisory Business

A. Professional Financial Strategies, Inc. (the "Advisor") is a corporation formed February 1993 in the state of New York. Advisor was New York State registered as an investment adviser from March 1993 until it re-registered with the SEC in January 2016. Paul Byron Hill is the principal shareholder and founder of Advisor, and serves as CEO, President and Chief Compliance Officer.

B. Advisor offers individuals and families (including their associated retirement plan accounts, trusts and estates, charitable arrangements, and business entities) investment management services on a discretionary or nondiscretionary basis. Additionally, financial planning is provided for families who are either preparing for retirement or already retired and concerned with planning legacies for surviving spouses, children, grandchildren, and charities.

Financial planning is a collaborative process that helps maximize a client's potential for meeting life goals through financial advice that integrates relevant elements of the client's personal and financial circumstances. Client accounts are invested and managed based on their individual financial situations. Working with Advisor, each client selects their household and account objective(s) based on their financial planning goals, preferences, and values, allowing for reasonable restrictions on assets in an account under management.

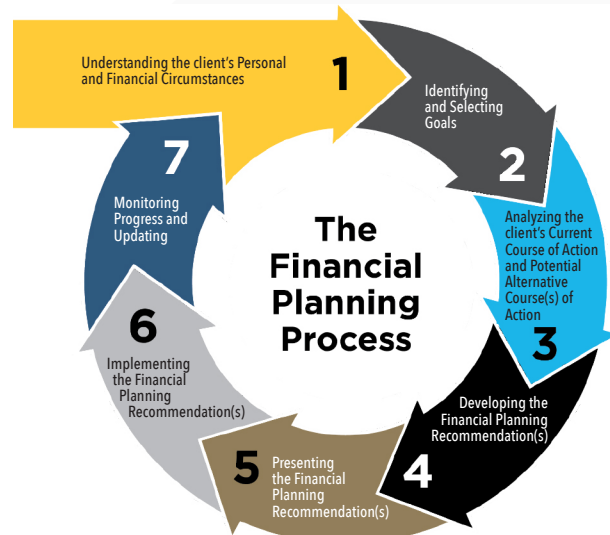
Advisor employs investment strategies structured within the framework of a coordinated financial planning process closely aligned with CFP® practice standards. Clients are put in control of the planning process working closely with Advisor to develop a strategy for reaching their primary financial goals to attain and then maintain financial security as well as leaving a legacy for spouses, family, friends and charities. Advisor collaborates as necessary with a network of specialists in fields such as accounting, tax, law, trusts and insurance on behalf of the client, at their request, to implement their personal financial planning recommendations.

"Wealth management" is a broad term describing investment management services integrated with personal and advanced financial planning, such as tax planning, insurance planning, and legacy planning. Advisor is compensated based on fees for investment management and for providing financial planning. Neither Advisor nor its associates are compensated from the sale of investment products or vehicles.

### FINANCIAL PLANNING & CONSULTING

Financial planning and consulting services is primarily for client's personal financial planning, retirement planning, retirement income planning, legacy planning and wealth transfer. The CFP® Board standard Financial Planning Process: (1) understands personal and financial circumstances, (2) identifies and selects goals, (3) analyzes your current situation and offers alternative approaches, (4) develops and refines recommendations for you, and (5) then present suitable recommendations for you to select. The next phase is (6) implementing and coordinating suitable planning recommendations and then (7) monitoring progress with annual updating. Prior to engagement for investment management, and annually offered thereafter, at least basic financial planning is provided at one of the levels below. Financial planning and consulting service levels for clients are:

- **Standard, Service Level 1:** Advisor provides basic personal financial planning services for those primarily in an accumulation phase or with more modest resources. Investment policies are developed and/or reviewed, planning models are updated and stress-tested, assets and resources are mapped based on client's then-current circumstances or any changes that occurred. These planning-related services are provided solely at the client request, but only once annually. Additional communication, coordination, or more frequent consultations (other than for services) requires a premium level upgrade.
- **Preferred, Service Level 2:** Advisor provides core personal financial planning services for those approaching retirement, transitioning into retirement, or already in retirement. Investment policies are developed and/or reviewed, planning models are updated and stress-tested, assets and resources are mapped based on client's then-current circumstances or any changes that have occurred. Additionally, income tax planning, insurance/benefits planning, and legacy/estate reviews are coordinated as needed. These planning-related services are provided solely at the client request, but each only once annually. Additional communication, coordination, or more frequent consultations (other than for administration), including consultations related to trusts, small business interests or small rental real estate interests requires a Premium Level 3 schedule upgrade.
- **Premier, Service Level 3:** Advisor provides all the services of Preferred Level with additional communication, coordination with professionals such as attorneys and CPAs, but these may be twice annually if requested. Also, in lieu of more-frequent reviews that may be redundant, customized services such as income tax preparation, third-party bill paying, or enhanced planning and coordination for intergenerational wealth transfer may be offered. Like the Preferred Service Level, a Premium Level 4 schedule customized upgrade is available.
- **Introductory Envisionment Offer:** This encompasses the first three steps of the financial planning process and may be provided at no charge to prospective clients at the Advisor's discretion. As the prospective clients' personal circumstances and likely goals are understood, current planning is stress-tested and weaknesses and omissions in their planning are identified for additional study. Key financial planning issues relevant to client goals and potential alternatives are discussed. Should





the Advisor be regularly engaged for services, this work will be incorporated into their financial planning process at a scheduled service level fee.

#### **Limitations of Financial Planning & Consulting Services.**

Advisor will provide financial planning, retirement planning, and/or advanced planning services only to the extent the client requests. Neither Advisor nor its adviser representatives assist clients beyond simply presenting planning recommendations unless both have mutually agreed to do so in writing. The Advisor **does not** continuously monitor a client's financial planning more than annually without an investment management agreement. Even with an investment management agreement, it is the client's responsibility to formally request an annual revisiting of financial, retirement, tax or advanced planning matters or concerns with Advisor. They are responsible requesting more frequent, additional or supplemental planning or consulting. Advisor's investment management fee will remain the same whether the client reviews their planning with Advisor per the available number of contacts yearly or not. Advisor remains available to address incidental planning inquiries with clients to determine if planning advice is required.

Implementing any financial planning related advice is at client's sole discretion and they may reject any recommendations made by Advisor.

#### **Limitations of Recommendation of Professional Specialists.**

Advisor may recommend professional specialists unaffiliated with Advisor for non-investment services. Client has no obligation to engage those professionals. Client retains absolute discretion over the terms of any proposed engagement and is free to accept or reject that professional's recommendation. Advisor **does not** serve as an attorney or an accountant, and so no portion of our services should be construed as such. See "Client Obligations" below. Accordingly, Advisor **does not** provide formal accounting services or prepare legal documents for clients. A related person of Advisor may be recommended in their individual capacity as a licensed insurance and annuity specialist when, and only if, that is deemed to be in the best interest of client, to the extent a client requests.

**See Item 10 disclosure.** When client engages an unaffiliated professional referred by Advisor (i.e. attorney, accountant, insurance agent, trust company, etc.), and if a dispute arises relative to such engagement, client agrees to seek recourse exclusively only against from that self-same professional or their firm. At all times, only the professional(s) that the client engages, and **not** Advisor, shall be responsible for the quality and competency of the services they provide.

**Client Obligations.** In performing financial planning and consulting services, Advisor shall not be required to verify any information received from client or from client's professional advisors, and Advisor is expressly authorized to reasonably rely thereon. Moreover, it is the client's responsibility to promptly notify Advisor if there is ever any change materially impacting in their financial situation or investment objectives related to reviewing, evaluating, or revising previous recommendations and/or services. Notice or memorandum to Advisor of such changes **must be** provided in writing by mail or email.

#### **INVESTMENT MANAGEMENT SERVICES**

Investment management is at the core of Advisor's wealth management services. Advisor manages client investment portfolios either

on a discretionary or non-discretionary basis, but limited to certain types of securities, primarily institutional-class mutual funds and exchange-traded funds and cash equivalents. Legacy stock and bond holdings transferred into client accounts and requested to be held are also advised. Alternative outside investments such as hedge funds, private equity, venture capital, cybercurrencies, NTFs, and SPACs may be coordinated with the client's investment portfolio managed by Advisor, but are not advised.

Advisor maintains systematic structured strategies grounded in modern financial science based on a full range of expected returns and levels of volatility. Once confirmed by the client, these are implemented in a customized, coordinated approach across client's complete household accounts, and not simply account by account, with due tax considerations. Portfolio strategies typically will blend low-cost mutual funds and exchange traded funds ("ETFs") across a global spectrum of equity, fixed income and hybrid asset classes. In some limited circumstances, Advisor may incorporate individual fixed income securities and certain types of annuities. Our investment recommendations are not limited to specific products or services offered only by a broker/dealer.

Though its financial planning process has different service levels, Advisor works with clients to choose and implement an integrated strategy coordinated across multiple account, in a manner consistent with the client's personal investment policy. Advisor will periodically rebalance or adjust the client's investment portfolio to conform closely to the asset allocation/asset class guidelines accepted by the client. At least annually, Advisor will consult with client to review their household accounts to determine whether, due to changes in the client's objectives or financial situation or economic circumstances, whether their investment policy strategy should modified or updated.

Investment management is integrated with financial planning and consulting based on these household service levels:

- **Standard, Service Level 1.** Portfolio accounts are structured and managed based on the clients' personal investment policy. These allocations are more standardized, less customized. Clients paying at least a \$1,250 minimum quarterly fee (per schedules in *Item 5*) are Standard Level 1 clients for financial planning and consulting services (described above). Institutional-class mutual funds and/or ETFs together with any legacy securities, are maintained in custodial accounts in client's name. 529 plans and/ or employer retirement and deferred compensation plans, as well as rental real estate, may be coordinated as part of financial planning strategy. Clients with lesser assets may obtain complete Standard level financial planning services regardless of household resources by paying full Standard level fee.
- **Preferred, Service Level 2.** Portfolio accounts are structured and managed based on the clients' personal investment policy. Clients paying at least a \$2,500 minimum quarterly fee (per schedules in *Item 5*) are Preferred Level 2 clients for financial planning and consulting services (described above). Institutional-class mutual funds and/or ETFs together with any legacy securities, are maintained in custodial accounts in client's name. 529 plans, variable and income annuities, and/ or employer retirement and deferred compensation plans, as well as rental real estate, may be coordinated as part of a client financial planning strategy. Clients may obtain additional Preferred level financial planning services by paying a premium fee surcharge.

- **Premier, Service Level 3.** Portfolio accounts are structured and managed based on the clients' personal investment policy. These allocations are less standardized, and more customized. Clients paying at least a \$10,000 minimum quarterly fee (per schedules in *Item 5*) are Premier Level 3 clients for financial planning and consulting services (described above). Institutional-class mutual funds and/or ETFs together with any legacy securities, are maintained in custodial accounts in client's name. 529 plans, variable and income annuities, and/or employer retirement and deferred compensation plans, as well as rental real estate, alternatives, or private equity, may be coordinated as part of financial planning strategy. Clients may obtain additional Premier level financial planning services by paying a premium fee surcharge.
  - **Independent Investment Managers.** Advisor may recommend certain client assets be apportioned among unaffiliated "separately managed accounts", such as those of Dimensional Fund Advisors. (See *Item 8. C.*) For such assets, the Independent Investment Manager(s) shall have day-to-day responsibility for discretionary portfolio management based on client guidelines and restrictions. Advisor shall render investment advisory services relative to ongoing monitoring and reviewing of account performance, factor consistency and coordination within the overall investment management strategy. Advisor considerations for recommendation of any Independent Investment Manager(s) will be driven by client's tax situation, account location, written objective(s), methodology of the manager, tax-efficiency, quality of research, reporting, performance, pricing and manager reputation. Independent Investment Manager(s) when engaged will charge an investment advisory fee separate from that of Advisor. Advisor's fee schedule will be adjusted by the amount of such fee(s) using their Premium fee surcharge schedule. Such assets will be credited toward the client's applicable service level.
- C. **Investment advisory services are personalized.** Investment management and portfolio structures are based on clients' individual needs, goals, values, preferences, and particular situation, and coordinated within the client's wealth management process. The tax impact of fund changes in taxable accounts in relation to the after-tax value of assets positioned in IRAs and employer plans is considered. After completing the introductory life planning phase (Financial Planning steps 1 to 3) and an investment policy statement is approved by client (Financial Planning step 4), Advisor implements and then continuously monitors investment accounts primarily custodied by Charles Schwab & Co. At least annually Advisor requests a portfolio planning meeting to review investment progress and to review financial planning progress, as well to update client on changes related to their overall planning strategy. While entirely at their discretion, client cooperation is necessary for an annual review of investment policy, portfolio structure, and discussion of portfolio changes made or expected to be made during the current calendar year.

Clients may, at any time impose restrictions or limitations, in writing, either regarding investing in certain securities or restricting sales of certain securities. Such restrictions, however, must be consistent with a prudent investment policy strategy corresponding to fiduciary standards, including those within the meaning of Title I of the Employee Retirement Income Security and/or the Internal Revenue Code. (ERISA plans are subject to specific regulatory restrictions.) Restrictions imposed by the client that are unacceptable to Advisor may result in termination of the advisory relationship.

Advisor provides very limited advice regarding hedge funds, private equity ventures, limited partnerships or real estate businesses, or business valuations. Where special expertise is required for those investments, if their original advisor is not available, clients would be referred to a professional specialist whose charges would be in addition to, and separate from, those of the Advisor.

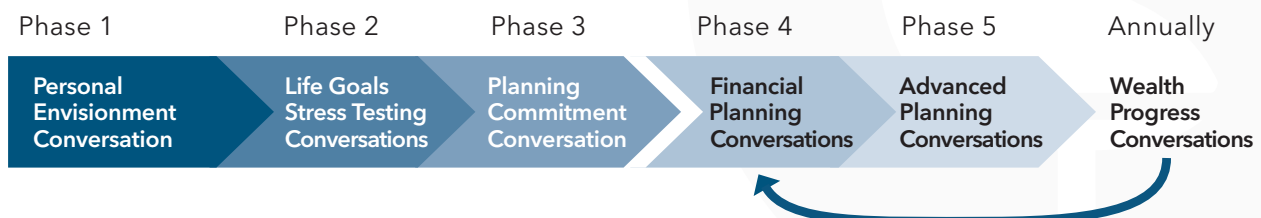
**Introductory Life Planning Conversations:** Advisor's preliminary process focuses on life planning goals intended to achieve financially secure long-term outcomes, primarily related to educational matters, retirement lifestyles, and leaving an intra-generational legacy. Reliably realizing client goals requires sensible asset accumulation, mitigating taxes, protecting resources, and preserving wealth. Through several sessions, Advisor helps potential clients envision their ideal future, and identify and prioritize their life goals. The Life Planning conversation results in a preliminary financial plan that can be stress tested against their hopes, goals and dreams to discover the gaps. Alternative approaches are suggested to consider the feasibility of what is envisioned, and for Advisor and client to decide whether they are a mutually good fit. (Steps 1 through 3 of the Financial Planning Process.)

At that point, client may formally engages Advisor, and then the Financial Planning Process continues (Steps 4 through 7).

Because affluent and aspiring clients require so much life planning effort, and they typically have or will develop substantial accumulated wealth over time, Advisor envisions a wealth management process in five phases, as their financial planning:

1. **Envisionment:** The introductory Life Planning conversation is where Advisor asks a prospective client to consider where they want their family to be in the future, and to discuss the possibilities. Advisor may introduce financial planning issues and impediments. Client afterward provides detailed information for stress-testing their idealized future within a financial framework.
2. **Life Goal Stress-Testing:** Advisor stress tests the idealized future life envisioned by the client against their current and potential resources within their planning horizons. If a gap is discovered, Advisor suggests possible alternative approaches to discuss collaboratively with client. Multiple conversations may be needed to determine a feasible planning approach.
3. **Planning Commitment:** Advisor meets with client to review

## INTRODUCTORY LIFE PLANNING PHASES







a proposed strategic approach that Advisor deems feasible for a likely outcome within client life goals, parameters, and preferences. Client and Advisor commit to working together. If so, necessary agreements and paperwork are formally arranged to complete the Financial Planning Process.

- 4. Financial Planning:** Formal financial planning recommendations are developed over two or more meetings, but in this phase the initial focus is on developing an investment policy strategy and portfolio structure. Analysis is performed, custodial accounts established, assets transferred, and an integrated financial platform is customized to facilitate ongoing investing, management, and reporting.
- 5. Advanced Planning:** Through a series of periodic progress meetings, additional financial planning concerns will be addressed such as related to income tax planning, insurance/benefits planning, protection planning, and estate/legacy planning, including necessary collaboration with professional specialists. Recommendations may be prioritized by urgency.

**Wealth Progress Sessions:** Provided at least annually after the first year, the number and arranged based on Standard, Preferred, or Premier service levels. Planning is updated based on changes in health, employment or family situations, tax and economic circumstances. Advisor provides regular educational resources related to financial and wealth planning topics.

**Investment Risk:** Different types of investments involve varying degrees of risk and exposures to different risks. Thus, it should not be assumed that future performance of any specific investment or investment strategy (including particular investments and/or investment strategies recommended or undertaken by Advisor) will be profitable or equal any specific performance level(s) such as suggested in an investment policy statement or other historical documents used for client planning purposes. Historic past performance or recent past performance is no guarantee or assurance of future results. Performance may be adversely affected by client insistence on making undisciplined equity changes during periods of high market volatility that contradict their investment policy or recommendations of Advisor.

**Use of Dimensional Fund Advisor mutual fund portfolios:** Many mutual funds are directly available without the need to engage an investment professional as an intermediary. That is, they may be available and utilized independent of engaging Advisor. Other mutual funds, such as those issued by Dimensional Fund Advisors (“DFA”), are only available through a specially approved group of registered investment advisers or as part of an employer’s 401k plan. Advisor utilizes DFA mutual funds and DFA exchange traded funds (ETFs) for much of their investment management. Therefore, if client decides to terminate Advisor’s services without first selling those fund portfolios, restrictions regarding transferability and/or additional purchases of, or reallocation among, DFA mutual funds could apply. This restriction does not apply to the availability of DFA ETFs for trading where they are used as part of a client’s portfolio.

**Advisor independence:** Advisor is independent of any broker-dealer, insurance company, or banking institution. Custodial services are recommended primarily through Charles Schwab & Co. (for more information, see *Item 12*). Annuities, insurance, or 529 plans may be through TIAA, Transamerica Life, Hartford Life, the Vanguard Group, and others. Additionally, client will continue to maintain existing employer retirement accounts such as 401(k),

403(b), or 457 plans. Advisor will not be a fiduciary under ERISA with respect to any such employer plans. Client may request a rollover from employer retirement plans after termination of employment.

**Retirement Rollovers—Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (including a combination of these options): (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 Individual Retirement Account (“IRA”), or (iv) cash out plan account assets (which likely would result in adverse tax consequences, especially for those under age 60). If Advisor recommends that a client roll over their retirement plan assets into an account arrangement we manage, such a recommendation creates a conflict of interest if new or increased compensation is earned as the result of the rollover. When we provide investment advice regarding your retirement plan or individual retirement account, we are fiduciaries within the meaning of the Employee Retirement Income Security 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. No client is under any obligation to rollover retirement plan assets to accounts directly managed by Advisor.

**Portfolio Activity:** Advisor has a fiduciary duty of loyalty and care as an investment advisor as well as a CFP® professional to provide services consistent with the client’s best interest. As part of its investment advisory services, Advisor will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, account additions/withdrawals, rebalancing asset allocations due to style drift, loss harvesting, tax bracket leverage, and/or written changes in the client’s investment objective or restrictions requested by the client. Based upon these considerations, there may be extended time periods when Advisor determines that any changes to a client’s portfolio or a particular account are neither necessary nor prudent. Clients nonetheless remain subject to fees described in *Item 5* below during periods of low or no account activity. Correspondingly, Advisor fees will not increase due to periods requiring unusually high account activity or if special account services are needed.

**Cash Positions:** Advisor treats cash as an asset class. As such, unless determined to the contrary by Advisor, all cash positions (money markets, cash balances, etc.) shall continue to be included as part of assets under management for purposes of calculating Advisor’s advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Advisor may maintain cash positions for anticipated cash flow purposes (such as scheduled income withdrawals) or to cover contingent limit markets order to purchase equity EFTs based on specified purchase prices in a market decline that may or may not occur. In addition, while assets are maintained in cash or cash equivalents, such amounts could miss market advances. Depending upon current yields, at any point in time, Advisor’s advisory fee could exceed the interest paid by the client’s money market fund.

**Cash Sweep Accounts:** Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian’s sweep account.



The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, Advisor generally purchases a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless Advisor reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account or longer for cash flow needs such as income distributions. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, an indication from the client of an imminent need or periodic need for such cash, or the client has a demonstrated history of writing checks from the account.

**Pontera:** Advisor uses Pontera, a third-party platform to facilitate the management of held away assets such as defined contribution plan participant accounts, with discretion. Those clients who choose to engage the Advisor to service their held away accounts will be provided a link to connect their outside accounts to the platform. Once the client's account(s) is connected to the platform, Advisor will review the client's current account allocations. Advisor will restructure and/or rebalance the connected outside accounts consistent with the client's investment policy goals and risk preferences. Client account(s) will be reviewed at least quarterly.

**ByAllAccounts:** In conjunction with automated reporting services provided by ByAllAccounts, Inc, the Advisor provides periodic comprehensive reporting services, which can incorporate all of the client's investment assets including those investment assets that are assets not directly managed by the Advisor (the "Excluded Assets"). The Advisor's service relative to the Excluded Assets is limited to supervisory services only, which does not include investment implementation but requires instructions to the client to take specific action(s). Because the Advisor lacks trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional) shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The client and/or their other advisors that maintain trading authority, **and not the Advisor**, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, the Advisor shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that the Advisor provide investment management services with respect to the Excluded Assets, the client may engage the Advisor to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Advisor and client.

Occasionally, clients may be requested to provide detailed employer 401k/403b/457 statements to Advisor for the purpose of updating information provided through ByAllAccounts. This is often due to a system break or temporary interruption of service. The information is needed to reconstruct or validate share histories or daily pricing. In the event of such an event, clients are expected to provide missing 401k/403b/457 transaction information and assist Advisor with resetting system connections to ByAllAccounts in a timely manner.

**Socially Responsible Investing Limitations:** Socially Responsible Investing involves the incorporation of Environmental, Social

and Governance ("ESG") considerations into the investment due diligence process. There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities in a fund portfolio may be limited when compared to funds that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including a serious potential for underperformance. Correspondingly, the number of ESG mutual funds and ETFs are fewer when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Advisor), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful. Advisor does not maintain or advocate an ESG investment strategy, but will seek to employ selectively ESG portfolios where appropriate if directed by a client to do so.

**Client Obligations.** In performing financial planning services, Advisor shall not be required to verify any information received from client or from client's other professionals and is expressly authorized to rely thereon based on what has been provided or not. Moreover, each client is advised that it remains their responsibility to promptly notify Advisor if there is ever any substantial change in their financial situation or investment objectives. This is for the purpose of reviewing, evaluating, or revising Advisor's previous recommendations and/or services. Notice to Advisor **must be** provided in writing by mail or email. For non-discretionary accounts such as employer plans, client is expected to act promptly upon specific emailed instructions provided to them by Advisor, or to get back to Advisor promptly with any questions related to such emailed instructions.

D. Advisor does not participate in a wrap fee program.

E. As of December 31, 2021, Advisor had approximately \$178,923,780 in regulatory assets under management with \$150,998,243 in discretionary assets and \$27,925,537 in non-discretionary assets among 104 client households and 4 institutional relationships. \$19,599,533 of non-discretionary assets was associated with employer retirement plans.



## Item 5/Fees and Compensation

A. Advisor's fee for Investment Advisory services including corresponding supplemental Financial Planning and Consulting ("FPC") service levels are shown on Pages 8 and 9. FPC services corresponding to each service level are specified on Schedule AA of client's FPC agreement (as initialed). Clients desiring or requiring more financial services in addition to their investment advisory services may either elect: a higher service level; a "premium" surcharge or that service level; or specify consulting services for a negotiated fee. As long as the Investment Advisory Agreement is in effect, FPC agreements automatically renew. Otherwise, FPC agreements terminate at the end of the same quarter the Investment Advisory Agreement is terminated. FPC agreements negotiated for specific additional services (generally one-time) will terminate upon completion of those requested services unless stated otherwise in the agreement.

B. Advisor's fee schedules combine fixed and variable components. Standard, Preferred and Premier service levels each has a minimum fee applied without regard to household assets under management or whether planning services are used by client. The advisory fee increases above the minimum as assets under management increase above an offsetting level. Advisor fees are separate from attorneys, CPAs and those part of Advisor's professional referral network.

### FINANCIAL PLANNING AND CONSULTING

FPC non-investment advisory services, such as those for introductory life planning, use the fee schedule located on Page 8. Financial planning and consulting services beyond those specified for the three service levels, as described in *Item 4 (B)* are negotiated separately based on either a flat fee or hourly charges if time for the project is undeterminable in advance.

**Financial Planning & Consulting (Standard, Preferred and Premier Levels):** The Advisor's FPC fee depends on a combination of client's income and net worth (excluding primary and secondary residences). "Net worth" would include the value of any employee benefits plan, as well as any business or commercial/rental real estate interests or alternative investments.

The minimum FPC fee before the inception of investment advisory services is \$10,000. A 50 percent retainer is required. Fee may be waived for introductory life planning consultations. If Advisor is engaged by client for investment advisory services before completion of the FPC agreement (or within sixty days after), the fifty % balance of the FPC fee will be applied against the initial investment management fees. *Item 4*, "Financial Planning and Consulting" describes different levels of service offered to clients. Where a client

terminates their investment management agreement in a quarter where regular FPC services have already been rendered, advisory fees may apply for the entire quarter.

**Hourly Advisory Fees:** For purposes of an hourly engagement, Paul Byron Hill CFP® is \$350 per hour; Kam-Lin Kok Hill CFP® is \$300 per hour; all other CFPs are \$250 per hour; \$150 per hour for other team members. A 50% retainer of estimated hours is requested upon engagement. Hours charged will not exceed the estimate without pre-approval. The unused retainer is refunded.

**Custodial Account and Platform Arrangement fees:** Arranging accounts with Charles Schwab & Co., 529 plans, annuity provider or employer accounts are subject to a charge. Fee includes platform set-up for bundled account reporting, arrangements with Advisor's reporting platform, aggregator set up, and integration with financial planning systems.

**Platform Arrangement Fees:** Advisor charges at least \$500 for each Charles Schwab custodial set-up and/or employer retirement plan coordination up to a maximum of five to ten. The fee is a minimum of \$1,000 each for any trustee custodial account arrangement, such as for qualified retirement plans, irrevocable trusts, or charitable trusts/donor advised funds. Fees may be negotiable and could be greater depending on complexity of additional planning.

**Financial Vehicle Implementation Fees:** Planning and arranging implementation of low-fee/no-fee annuities and life insurance is at least \$5,000 and may be greater. Advisor fees may be waived if low-fee/no-fee alternatives are not in the client's "best interest" if a related party of Advisor is paid compensation. Advisor must evaluate products and services, obtain suitability information, evaluate justifiable cost, reasonable performance, and appropriate risk, to determine whether such transaction is in the "best interest" of client (CFP® professional standards and New York Department of Financial Services Reg 187 apply). Products/vehicles may not be available in all states or due to client health. Where related parties of Advisor receive reimbursement fees, they will be disclosed to client and such assets would be excluded from ongoing advisory charges.

### INVESTMENT MANAGEMENT SERVICES

For investment management services, Advisor's fee (between 0.40% and 1.50%) is calculated as an annual percentage (%) of combined market value of client assets in accounts under management and supervision. Fee schedules located on Page 9 show the household minimum fee to qualify for receiving Standard, Preferred or Premier levels of financial planning services:

**1. Standard Service Schedule—Level 1.** This investment advisory fee schedule applies to household accounts collectively under Charles Schwab custodial platforms. Clients paying at least a \$1,250 minimum quarterly fee obtain incidental financial planning and consulting services described in *Item 4*. Institutional-class mutual funds and/or ETFs together with any legacy securities, are maintained in custodial accounts in client's name. 529 plans and/or employer retirement and deferred compensation plans may be supervised as part of investment management if subject to advisory fees. Clients may obtain Level 1 financial planning services regardless of amount of advisable assets by agreeing to pay the minimum Standard fee. Accounts for children and/or parents and/or certain trusts of the same household are reported separately, and the minimum fee is waived for their accounts. For Level 1

### FINANCIAL PLANNING & CONSULTING (NON-INVESTMENT) SCHEDULE

Client Household	If Income and Net Asset Base	Annually
Standard Level Report	Up to \$2 million	\$10,000
Preferred Level Report	\$3 million and above	\$25,000
Premier Level Report	\$5 million and above	\$50,000
Supreme Level Report	Negotiated	Negotiable

*If investment advisory services are engaged prior to completion of FPC services, or within 60 days thereafter, up to 50% of the advisory fee for planning paid or payable may be applied to initial investment management services.*





financial planning services to be provided, **at least** 75% of client household resources (inclusive of personal bank, brokerage, employer retirement accounts, RSUs, present value of pensions, etc.) must be under advisement and billable. Otherwise, a Premium surcharge for planning may be added.

2. **Preferred Service Schedule—Level 2.** This investment advisory fee schedule applies to household accounts collectively under Charles Schwab custodial platforms. Clients paying at least a \$2,500 minimum quarterly fee obtain incidental financial planning and consulting services described in *Item 4*. Institutional-class mutual funds and/or ETFs together with any legacy securities, are maintained in custodial accounts in client's name. 529 plans, variable and income annuities, employer retirement and deferred compensation plans and/or certain irrevocable trusts may be supervised as part of investment management if subject to advisory fees. Clients may obtain Level 2 financial planning services regardless of amount of advisable assets by agreeing to pay the minimum Preferred fee. Accounts for children and/or parents and/or certain trusts of the same household are reported separately, and the minimum fee is waived for their accounts. For Level 2 financial planning services to be provided, **at least** 75% of client household resources (inclusive of personal bank, brokerage, employer retirement accounts, RSUs, present value of pensions, etc.) must be under advisement and billable. Otherwise, a Premium surcharge for planning may be added.
3. **Premier Service Schedule—Level 3.** This investment advisory fee schedule applies to household accounts collectively under Charles Schwab custodial platforms. Clients paying at least a \$10,000 minimum quarterly fee for obtain incidental financial planning and consulting services described in *Item 4*. Institutional-class mutual funds and/or ETFs together with any legacy securities, are maintained in custodial accounts in client's name. 529 plans, variable and income annuities, employer retirement and deferred compensation plans and/or certain irrevocable trusts may be supervised as part of investment management if subject to advisory fees. Rental real estate, alternatives, private equity, etc. may be coordinated for financial/legacy planning purposes. Clients may obtain Level 3 financial planning services regardless of amount of advisable assets by agreeing to pay the minimum Premier fee. Accounts for children and/or parents and/or certain trusts of the same household are reported separately, and the minimum fee is waived for their accounts. For Level 2 financial planning services to be provided, **at least** 75% of client household resources (inclusive of personal bank, brokerage, employer retirement accounts, RSUs, present value of pensions, etc.) must be under advisement and billable. Otherwise, a Premium surcharge for planning may be added.

Advisor's investment advisory fee may be negotiable depending upon certain objective and subjective factors including but not limited to: the total amount of family manageable assets; timing of anticipated future additional assets; portfolio composition; the scope and complexity of the engagement; the annually anticipated number of meetings and servicing requirements; related family or household accounts; future expected earning capacity; which professional(s) render service(s); prior relationships with us and/or our representatives, and length of Advisor relationship.

## STANDARD SUPERVISORY SCHEDULE Level 1-Aggregated Household Accounts

Total Assets Advised	Per Quarter	Annualized Rate
First \$500,000	0.375%	1.50%
Next \$500,000 to \$1 million	0.250%	1.00%
Next \$1 million to \$5 million	0.200%	0.80%
Next \$10 million to \$15 million	0.175%	0.70%
Next \$10 million to \$25 million	0.150%	0.60%
Next \$25 million to \$50 million	0.125%	0.50%

*Annual Level 1 financial planning services subject to minimum \$1,250 quarterly fee as offset by fee schedule calculations using the above table. Financial planning services may not be provided for sub-clients of a household paying less than a \$1,250 quarterly fee.*

## PREFERRED MANAGEMENT SCHEDULE Level 2-Aggregated Household Accounts

Total Assets Advised	Per Quarter	Annualized Rate
First \$100,000	0.375%	1.50%
Next \$900,000 to \$1 million	0.250%	1.00%
Next \$1 million to \$5 million	0.200%	0.80%
Next \$10 million to \$15 million	0.175%	0.70%
Next \$10 million to \$25 million	0.150%	0.60%
Next \$25 million to \$50 million	0.125%	0.50%
More than \$50 million	0.100%	0.40%

*Receiving Level 2 Preferred level financial planning services subject to a minimum \$2,500 quarterly fee offset by calculations using the quarterly schedule above. Additional Premium planning services available with a 0.125% quarterly asset surcharge arrangement per agreement.*

## PREMIER MANAGEMENT SCHEDULE Level 3-Aggregated Household Accounts

Total Assets Advised	Per Quarter	Annualized Rate
First \$500,000	0.375%	1.50%
Next \$500,000 to \$1 million	0.250%	1.00%
Next \$1 million to \$5 million	0.200%	0.80%
Next \$10 million to \$15 million	0.175%	0.70%
Next \$10 million to \$25 million	0.150%	0.60%
Next \$25 million to \$50 million	0.125%	0.50%

*Annual enhanced Level 3 Premier level financial planning services subject to minimum \$10,000 quarterly fee as offset by fee schedule calculations using the above table. Additional Premium planning services available with a 0.125% quarterly asset surcharge arrangement per agreement.*



As a result of these factors, similarly situated clients could pay different fees, client services could be available for less with a different advisor, and large institutional clients may pay less than the fee schedule.

- B. Clients advisory fees are normally deducted from their custodial accounts, but client may request direct billing and pay Advisor directly. Fees are payable quarterly in advance. Fees are based upon the average daily balance of the market value of household accounts as of the last business day of the previous quarter, pro-rated quarterly, subject to schedule level minimums. Cash positions shall be included as part of assets under management for purposes of calculating Advisory's fee. Agreements with Charles Schwab authorize debiting accounts proportionally on quarterly basis for the annualized fee (ordinarily one-fourth of the annualized rate quarterly as shown) and then that deducted advisory fee is remitted directly to Advisor in compliance with specific regulatory procedures.

For fees related to accounts not with primary broker-dealer/custodial, those fees will be deducted from specified non-qualified taxable custodial accounts or other accounts indicated in client advisory agreements. Where spouses mutually possess a power of attorney for household accounts, either non-qualified taxable account may be debited, as client may direct. For clients that request to pay advisory fees directly, unpaid fees may be debited directly after more than 30 days from date of Advisor's quarterly billing, or as previously described. Supplemental fees under a Financial Planning and Consulting Agreement may be debited to specified taxable custodial accounts as previously described.

- C. As discussed in *Item 12*, unless client directs otherwise or circumstances dictate, Advisor recommends that Charles Schwab and Co., Inc. ("Charles Schwab") serve as the broker-dealer/custodian for investment advisory assets. Charles Schwab charges commissions and/or transaction fees for effecting certain securities transactions. Charles Schwab's maximum transaction fee (electronically) for mutual funds is \$24, and \$0 for ETFs and stocks (electronically). In addition to all these fees, clients also incurs charges imposed at the fund level for mutual fund and exchange traded funds (e.g., regular management fees and other maintenance expenses). Where ETFs and stocks are traded, costs of buy/sell spreads will be incurred.

Advisor primarily recommends investments with Dimensional Fund Advisors. Dimensional Fund Advisors institutional-class mutual fund management fees and other charges may range from .08% to .85% annualized (net to investor). Dimensional ETFs range from .11% to .49% annualized.

Annuity investments that Advisor may recommend have maintenance and expense (M&E) charges at the account level in addition to fund expenses. These include 529 college plans. Examples are Hartford Life Insurance (WV SMART529 Select) for static and age-based portfolios range from .67% to 1.02% annually. Transamerica Life (NY) Advisors Edge charges .55% annually M&E and administration charges plus a \$30 annual policy charge plus fund management fees plus additional costs for optional benefits such as promise-based income riders. Lincoln Financial Group Advantage RIA Class annuities have no annual policy charge and a .35% maximum M&E and administration charge but also include mutual fund management fees plus the cost of optional benefits such as income riders.

- D. Advisor's investment advisory fee shall be prorated and paid quarterly, in advance, based upon quarterly beginning account balances. A minimum fee for "Standard," "Preferred," and "Premier," level clients as described in *Item 4 (B)* is a deduction from the *Standard*, *Preferred*, or *Premier Management Schedules*, offsetting the asset under management calculation or setting the minimum fee for the calendar quarter in the event that the AUM calculation does not meet the minimum for that level.

Advisor, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its annual minimum fee or set-up fees based on certain criteria (i.e., relationship to primary household account owners, total dollar amounts to be managed, anticipated future additional assets, account composition, inception of historical advisory relationship, anticipated level of wealth services, etc.). Certain adjustments for non-primary household accounts may not be applied similarly to clients who are not related to primary family members as to other clients.

Clients subject to Advisor's annual minimum fee for their level of service may pay a percentage fee effectively higher than the annual fee percentage referenced in the *Standard*, *Preferred*, or *Premier Management Schedules* shown on Page 9.

The *Investment Advisory Agreement* between Advisor and client will continue in effect until terminated by either party by written notice in accordance with the terms of the agreement. As of the date of termination, Advisor shall refund a pro-rated portion of the advanced advisory fee deducted based upon remaining days in the billing quarter, adjusted by the minimum fee pertaining to financial planning services provided for that quarter, if any. Charges related to financial planning services provided during the quarter under the terms of a *Financial Planning and Consulting Agreement* shall be charged against the unearned portion of the investment management portion of the fee, but not to exceed the billing for that quarter.

- E. Neither Advisor nor its representatives accept compensation (commissions) from the sale of securities or other investment related products for performing investment advisory services. As stated in *Item 5(A)* related persons can receive reimbursements for insurance product implementation with client disclosure to offset financial planning and consulting fees otherwise payable, but only where such products are in the client "best interest" relative to products paying no commissions. In those cases, the client would be expected to pay only the regular planning fee.

**Disclosure Statement.** A copy of Advisor's written Disclosure Brochure and client Relationship Summary as set forth on Form ADV Part 2 A and Form CRS, respectively, shall be provided to each client prior to, or contemporaneously with, execution of the *Investment Advisory Agreement* and/or *Financial Planning and Consulting Agreement*.

**Disclosure for Certified Financial Planners™:** Clients have the right to ask at any time about compensation arrangements regarding an Advisor employee licensed as a CFP® professional with the CFP® Board of Standards

## Item 6/Performance-Based Fees and Side-by-Side Management

Neither Advisor nor its representatives charge performance-based fees or engages in the practice known as side-by-side management.



## Item 7/Types of Clients

Advisor offers advisory services primarily to high-net-worth individuals and their immediate family members, to successful individuals, their families, and legacy clients. Small pension and profit-sharing plans, family trusts, estates, charitable trusts and some business entities associated with high-net-worth clients, may be clients.

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

**Methods of Analysis:** Decades of advanced research in financial science points to systematic differences in expected returns of stocks and bonds. A core principle of Advisor's philosophy is the belief that market prices contain reliable information about systematic differences in expected security returns. That understanding allows our approach to bring order and clarity to the investing process—isolating and explaining market forces that drive persistent and pervasive returns within financial markets. Consequently, we structure portfolios around dimensions of returns that are sensible, backed by decades of empirical research, and cost-effective to capture in regionally diversified portfolios for structuring strategies related to important long-term client goals.

Advisor's committee is strongly guided by Dimensional Fund Advisors' internally developed wealth model strategies for arranging and structuring client portfolios, including those accounts with tax-sensitive and/or social value considerations. Dimensional models and portfolio strategies embody four decades of expertise in applying the great ideas in finance to portfolio management. As a consequence, our use of a research-driven, systematic framework customized for each client's situation allows us to effectively pursue a wide range of financial planning goals through a lifetime sequence of wealth accumulation and distribution phases.

- **Our models are systematic and transparent in their approach.** They are guided by one investment philosophy and a proven implementation process consistently across all Dimensional regional portfolio strategies for unified asset allocation.
- **Our models target higher expected returns.** The targeted allocations of our model strategies use Dimensional portfolios designed to go beyond indexing by pursuing higher expected returns in a diversified, cost-effective manner.
- **Our models are empowered by financial science.** Dimensional is a pioneer in applying academic research to systematic factor-based investing strategies. Dimensional models integrate the most advanced academic thinking, including those of Nobel laureates on Dimensional's boards, on financial theory, research, and implementation.

Advisor also relies on multiple information sources that include financial publications, research materials, subscription services and other resources, such as, Schwab Advisor Services, JP Morgan, Vanguard, Financial Perspectives, Morningstar Office/Direct, MoneyGuide/Elite, and FP Alpha, but primarily Dimensional Fund Advisors and their extensive research team.

### INVESTMENT STRATEGIES

Advisor's investment strategies go far beyond indexing without traditional security selecting. The mutual funds and exchange-traded funds that we utilize are invested in a variety of domestic

and international asset classes across the equity to fixed income spectrum. Use of Dimensional funds puts rigorous academic and empirical research to work with systematic, factor-based investing for implementing aggregated household accounts. Further, we regularly track client progress against their investment policies for keeping clients focused on outcomes.

#### **Advisor strategies are informed by modern financial science.**

Dimensional, the first to seriously apply academic science to portfolios with research factors, provides Advisor access to advanced thinking and techniques in financial science. Investing through Dimensional funds provides us an ability to effectively apply a philosophy that relies on bits of information imbedded in market prices that avoids the need for conventional forecasting, timing, or speculative guesswork.

#### **Advisor has a consistent, transparent, understandable framework.**

Dimensional asset allocations helps Advisor explain a highly sophisticated systematic approach for portfolio design and construction. Our management decisions make logical sense to clients. Using only a relatively few component funds for household accounts with the appropriate factor weightings offers greater simplicity and efficiency for aggregated reporting. Most advisors allocate multiple overlapping funds in every account, inconsistently mixing investment objectives and characteristics, increasing poor outcomes and adding to client confusion and worry.

#### **Advisor more effectively targets reliable sources of higher expected returns.**

Dimensional allows us to confidently select funds with drivers of higher expected returns across a huge set of investible equities and fixed income securities in multiple regions across the world. Dimensional identifies systematic differences in expected returns across securities to find usable up-to-date information embedded in the latest market prices to pursue added value opportunities. Dimensional further integrates information about interactions among those premiums between funds with

### DIMENSIONS FOR MANAGEMENT SYSTEMATICALLY STRUCTURED STRATEGIES



1. Relative price as measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios.

2. Profitability is a measure of current profitability, based on information from individual companies' income statements.





extremely broad diversification for risk reduction that keep costs low. This approach robustly reduces the negative impact of frequent trading while avoiding the added uncertainty of forecasting as active managers traditionally do.

**Equity Allocations:** Valuation theory provides Advisor a meaningful framework to think about the drivers of expected stock returns when structuring client portfolios with Dimensional funds. The valuation framework guides developing informed household allocations for client portfolio when developing goal-based strategies. Market capitalization and stock returns contain information about prices investors are paying. Expectations about a firm's future cash flows are linked to its current value through an implied discount rate, which is equivalent to the expected return of a stock or a asset class of stocks.

Using the valuation framework, systematic differences in expected stock returns are identified by Dimensional for their funds along size, relative price, and profitability dimensions and applied to their mutual fund and ETF strategies in a structured manner. Small cap stocks show higher expected returns than large cap stocks (size premium); stocks with low relative price—as measured, for instance, by the price-to-book ratio—show higher expected returns than high relative price stocks (value premium); and high profitability stocks show higher expected returns than low profitability stocks (profitability premium). Profitability contains information about the cash flows they expect to receive. All else being equal, the lower the price paid for a security, the higher the expected return. Another insight is that, for a given price, the higher the expected future cash flows, the higher the expected return.

**Fixed Income Allocations Separate from Equity:** Fixed income is essential for mitigating volatility in an asset allocation strategy. Fixed income vehicles like bonds are not viewed in isolation, simply to provide income based on yield and maturities. Rather, within a Dimensional component structure, fixed income offsets the expected volatility and returns of equities in the strategies and can be arranged to fund retirement income liabilities year-by-year. The client's fixed income allocation proportion for their portfolio structure is guided by their investment policy, which describes the portfolio's targets, parameters, and constraints.

Valuation theory uses market prices of fixed income securities to identify and sort systematic differences in drivers of expected returns. Expected returns across bonds vary by duration, credit quality, and currency of issuance rather than by premiums. Dimensional's management integrates research, portfolio design, and trading, all with the objective of enhancing overall returns and avoiding unnecessary costs (such as rebalancing with anticipated cash flows), avoiding unnecessary trading activity. Dimensional utilizes a dynamic variable maturity strategy for enhancing returns while mitigating volatility in bond portfolios.

**Global Allocations by Regions:** Advisor's structures client equity allocations with a global market perspective, not only concentrated in the US. Financial theory strongly implies that global diversification reduces country-specific risk. It provides investors a good rationale to hold the equity and fixed income securities of both U.S. and non-U.S. firms, reducing investor's natural home bias of habitually over-allocating to familiar territory. While all regions potentially offer positive expected returns in the long run, different regions perform very differently short-term. Still, no reliable evidence indicates that the performance of one country or region relative to another is predictable. Just because the U.S. is a leader

this year, tells us nothing about next year. Financial theory further implies that holding multiple regions near their market cap weights is a sensible asset allocation approach. Dimensional begins with a weighting by market capitalization, and then applies the company size, relative price, and profitability dimensions and applied to their mutual fund and ETF strategies which Advisor employs.

While Advisor has a range of models for client risk preferences, capacities, and horizons, modelling asset class returns to determine asset allocation strategies should not be based purely on historical ex post investment outcomes or ex ante return assumptions. That is typical of popular, but opaque, "optimization" techniques. We do not employ optimization for determining asset allocations. Instead, we rely on composite factor premium extracted from Dimensional's research. Reliance upon guesstimated parameters using the old CAPM framework is very likely to result in disappointing or even nonsensical allocations.

**Considerations for Taxable Accounts:** To mitigate potentially high tax burdens, Advisor implements several investment strategies designed to minimize taxes as described below. Maximizing after-tax returns is a more desirable goal than maximizing before-tax returns. Still, our decisions are based primarily on investment merit while our tax considerations are secondary.

Advisor will prefer holding higher yielding, ordinary income producing assets (i.e., taxable bonds and high dividend producing stock funds) in qualified accounts. Low income, capital gain producing investments (i.e., domestic stock funds) will be placed in taxable accounts where appropriate. As a result, taxes can be deferred on capital gains and may enjoy lower tax rates when realized and step up in basis upon death rather than lost in a tax-exempt account. Accordingly, the asset classes will vary substantially in household accounts based in part on the tax treatment of the assets. However, in aggregate, household portfolios will reflect the risk, return, and asset allocation objective of the client.

In taxable, non-qualified accounts, assets are likely to generate both ordinary income (i.e., dividends and interest) and capital gains (short and long-term). To mitigate tax liability Advisor may deem tax-managed equity funds appropriate in order to minimize capital gain distributions and assure distributions made are generally incurred at long-term capital gain tax rates instead of higher short-term tax rates. While such funds may incur modestly higher expense ratios, the net, after-tax return can be significantly higher. For clients in a high marginal tax bracket, we may utilize municipal bond investments to maximize the after-tax return on the taxable portion of the fixed income portfolio. Factors such as the client's current tax situation, yield spreads between municipal and taxable bonds, and investment vehicles are considered.

However, Advisor may deem it appropriate to retain securities with unrealized capital gains even though we believe there is a better investment alternative, due to the potential capital gains liability. We will sell assets with unrealized capital gains when, in our opinion, the long-term risk reduction or return enhancement benefit of a replacement investment justifies paying current capital gains tax, to realize future investment benefit.

Advisor may engage in tax loss arbitrage (i.e., loss harvesting), when tax benefits exceed related transaction costs and risk. We will attempt to capture capital losses which could be used to offset other realized capital gains or be inventoried to offset future gains.





## RISK OF LOSS

Investing in securities always exposes clients to risk of loss. Different types of investments involve varying degrees of risk. The future performance of any strategy or model should not be assumed to be profitable or to equal historic performance. Past performance is no guarantee or any assurance of future returns. You may lose money, regardless how long you are invested.

The future is always uncertain. Future economic, political, social event and personal circumstances that could negatively impact decision-making and your ability to continue bearing investment risk, including the timing of possible events, are unknowable.

Summarized are important risks to consider whenever investing:

- **Return Risks:** Past performance is not a guarantee or assurance of future returns. Investing in securities involves risks that are out of Advisor's control. There is never any guarantee that a client's particular investment policy or investing strategy will meet their investment return objectives. A risk of loss of both income and principal includes mutual funds and exchange traded funds (ETFs), as well as any other financial product or vehicle.
  - **Economic and Market Risk:** Companies and securities in which a client can invest may be sensitive to general downward swings in the overall economy or conditions in their specific industries or geographies. A major recession or adverse developments in the securities market might have a negative impact on client's investments. Factors affecting economic conditions, including inflation rates, currency devaluation, exchange rate fluctuations, industry conditions, competition, technological developments, domestic and worldwide political, military, and diplomatic events and trends can adversely affect business prospect, and consequently expected returns for investments.
  - **Security Selection Risk:** The value of an individual security and, similarly, the value of an investment in that security, will rise or fall, often wildly. Advisor's investment processes and strategies may favor specific securities, industries or sectors that underperform investments in other securities, industries, sectors, or the general market for extended periods of time.
  - **Credit Risk:** The risk of loss caused by a counterparty's or debtor's failure to make a timely payment, or by the change in value of a financial instrument based upon changes in default risk. This is mitigated by diversification of funds.
  - **Inflation Risk:** When inflation exists due to an artificial oversupply of currency to the public, a dollar next year will not be worth as much or buy as much as a dollar today. Purchasing power erodes at the rate of inflation. The value of investment returns may thereby be reduced unpredictably.
  - **Securities of Investment Companies and Exchange Traded Funds Risks:** Advisor recommends exchange traded funds (ETFs) or securities of other investment companies, such as open-end investment companies. These types of investments represent interests in professionally managed portfolios that can invest in any type of instruments. Investing in ETFs and other investment companies involves substantially the same risks as investing directly in the underlying securities, but it involves additional expenses at the investment company level, such as a proportionate share of portfolio management fees and operating expenses. Certain types of investment companies and ETFs are exposed to other risks: (1) ETF and investment company shares may trade above or below their net asset value; (2) an active trading market for ETFs and investment company shares may not develop or be maintained; or (3) trading of ETFs or investment company shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers: (which are tied to large decreases in stock prices) halts stock trading generally.
  - **Technology System Risks:** Advisor and clients for whom we serve depend heavily on telecommunication, information technology and other operational systems, whether Advisor's or those of others (e.g., custodians, financial intermediaries, transfer agents and other parties to which Advisor or they may outsource the provision of services or business operations). These systems may fail to operate properly or become disabled due to events or circumstances wholly or partly beyond Advisor's or their control, such as war or pandemics.
  - **Cybersecurity Risks:** The information technology systems and networks that Advisor and its third-party service providers use to provide services to clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Advisor's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Advisor are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, costs, and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Advisor has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Advisor does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.
  - **Regulatory Risks:** Changes in laws and regulations with differing levels of impact continually affect our business. We cannot predict the impact of future legal and regulatory changes on our business or on the services such as financial planning that we would be able to provide clients in the future.
  - **Personal Planning Risks:** Includes longevity risk, withdrawal risk, savings risk, leverage risk and spending risk among others that apply to the client as an individual investor and their preferences or capacity or situational ability to consistently maintain risk closely aligned with their personal investing strategy policy.
- B. Advisor's primary investment strategies and methods of analysis do not present significant or unusual risks. The investment management process primarily employs mutual funds and exchange-traded funds (ETFs) as opposed to emphasis on selecting individual securities or speculating in short-term or leveraged trading activities.
- Advisor emphasizes utilization of mutual funds and ETFs. The mutual fund industry has rules and regulations designed to benefit investors. Mutual funds are principally regulated by the Securities and Exchange Commission (SEC) under several laws



including the Securities Act of 1933, Securities Exchange Act of 1934, which established the SEC, and the Investment Company Act of 1940. These laws regulate the formation and activities of mutual funds as well as mutual fund investment advisers, principal underwriters, directors, officers, and other parties providing services to the fund.

The rules of the regulated mutual fund industry are intended to protect investors, and it's essential that investors take full advantage of the available information and make decisions based on careful analysis in consultation with a financial advisor.

**Advisor's method of analysis has inherent risks** For an informed analysis Advisor must have access to accurate market information. Advisor has no control over the timing or dissemination rate of market or security information; therefore certain analyses may be compiled with inaccurate information, limiting the value of Advisor's analysis. There can be no assurances that any investing methodology will materialize into profitable investment strategies within a client's planning horizon, if at all under certain extreme market, economic, or political conditions.

Furthermore, no promises or assumptions can be made that Advisor's services will provide a better return than any other investment strategy. Advisor does not represent, warrant or imply that the services or methods of analysis used can or will predict future results, identify market tops or bottoms, or insulate clients from losses due to market volatility or serious market corrections.

Advisor's emphasis on systematic investment strategies from Dimensional Fund Advisors has special inherent risks and limitations. For example, systematic strategies may require extended periods before Dimensional expected return premiums are evidenced in their portfolios. Client's commitment to their investment policy strategy, even during periods of market volatility, is essential. Still, clients may lose money, regardless how long they are invested. Further, untimely personal circumstances (due to employment, health or family situations) may impair client's ability to continue bearing risk or requiring liquidity at an inconvenient time due to then current market conditions.

- C. **Licensed Insurance Agents.** Paul Byron Hill and Kam-Lin K. Hill, each a related person of Advisor, and may share in compensation payable to an agent if financial instruments such as annuities or insurance are purchased.

**Conflict of Interest:** Recommendation by either Advisor or its related persons presents a conflict of interest, as the receipt of reimbursement as insurance brokers provides an incentive to recommend financial instruments based on compensation received rather than need. However, reimbursement fees paid to a related party of Advisor will waive advisory consulting and implementation fees otherwise payable to Advisor under a separate agreement. As CFP® professionals and New York licensed brokers, related persons of Advisor have a fiduciary duty to evaluate all products, services and transactions available, relevant suitability information, and consider the cost, expected return and financial risk justifiable and appropriate in the best interest of client (CFP® professional fiduciary standards and New York Department of Financial Services Reg 187). Where non-commissionable products are found to be in client's best

interest, they will be recommended, and client will pay the full fee under their separate advisory agreement with Advisor. SPIAs and DIAs/QLACs implemented are not subject to ongoing AUM charges, so total client fees may be less than other advisory arrangements. Still, client is under no obligation to purchase any commissionable product from Advisor's related person, and implementation is always entirely at client's discretion.

## Item 9/Disciplinary Information

The Advisor or its representatives have not been the subject of any disciplinary actions. Advisor reviews advisory personnel records on a periodic basis to ensure that no disciplinary event have been reported. We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Advisor.

## Item 10/Other Financial Industry Activities and Affiliations

- A. Neither the Advisor, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Advisor, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. (8) **Licensed Insurance Agents.** Paul Byron Hill and Kam-Lin K. Hill, each a related person of Advisor, and may share in compensation payable to an agent if insurance or annuities are purchased.

**Conflict of Interest:** The recommendation by either Advisor or its representatives presents a conflict of interest, as the receipt of reimbursement as insurance brokers may provide an incentive to recommend financial instruments based on commissions received rather than on need. However, reimbursement fees paid to a related party of Advisor will waive advisory consulting and implementation fees otherwise payable to Advisor. As CFP® professionals and licensed brokers in New York, related persons of Advisor have a fiduciary duty to diligently evaluate all products, services and transactions available, relevant suitability information, and justifiable cost, reasonable performance and appropriate risk in the best interest of client (CFP® professional fiduciary standards and New York Department of Financial Services Reg 187). Where non-commissionable products are in a client's best interest, they will be recommended, and client will pay the full fee under the advisory agreement with Advisor. SPIAs and DIAs/QLACs are **not** be subject to ongoing AUM charges and so likely reduce total client fees. Still, client is under no obligation to purchase any commissionable product from a related person of Advisor, and implementation is entirely at client's discretion.

- D. Advisor has no agreements with other investment advisors but may establish such agreements in the future.



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

A. Advisor maintains an investment policy relative to personal securities transactions. This investment policy is part of Advisor's overall Code of Ethics, which serves to establish a standard of business conduct for all of Advisor's Investment Advisory Representatives that is based upon fundamental principles of openness, integrity, honesty and trust. A copy is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, Advisor also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Advisor or any person associated with Advisor.

B. Neither Advisor nor any related person of Advisor recommends, buys, or sells for client accounts, securities in which the Advisor or any related person of Advisor has a material financial interest.

C. Advisor and/or its representatives can buy or sell certain securities (stocks, bonds and similar securities) that may be recommended to clients. This practice can create a situation where Advisor and/or its representatives are in a position to materially benefit from sale or purchase of those securities, creating a conflict of interest. Practices such as "scalping" (i.e., whereby owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon rise in market price following the recommendation) could take place if Advisor did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Advisor's clients) and other potentially abusive practices.

Advisor has a personal securities transaction policy and procedures in place to monitor the personal securities transactions and securities holdings of each of Advisor's "Access Persons." Advisor's securities transaction policy requires that Access Person of the Advisor must provide the Advisor must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Advisor selects. (However when Advisor ever has only one Access Person, submitting such securities reports is not required.)

D. Advisor and/or its representatives *may* buy or sell certain securities, at or around the same time as those securities are recommended to clients. This practice could create a situation where the Advisor and/or its representatives are in a position to materially benefit from the sale or purchase of those securities, a conflict of interest. As indicated above in *Item 11 (C)*, Advisor has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each Access Person.

Additionally, each Access Person must provide quarterly transaction reports within thirty days after the end of each calendar quarter.

**Exceptions:** (1) Advisor's investment policy recognizes that certain securities purchased and sold on behalf of clients trade in sufficiently broad markets to permit transactions to be completed without any appreciable impact on markets of those securities. Under such circumstances exceptions may be made to the policies stated above; records of those trades, including the reasons for the exceptions, will be maintained with records in the manner set forth above. As a matter of Advisor policy, Access Persons are not allowed by Advisor to trade individual stocks or bonds that could conceivably create a conflict of interest. In any case, if ownership of such securities occurs due to unforeseen circumstances (such as an inheritance), any Access Persons will be "last in" or "last out" for the trading day.

(2) Interests of Advisor's Access Persons often correspond with those of clients, and Advisor invests in Dimensional funds similar to those they recommend to clients. Open-end mutual funds and/or variable annuity subaccounts are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. Such transactions by Access Persons are relatively small and unlikely to have any material impact on prices of fund shares in which clients invest. Therefore, mutual funds purchases are NOT prohibited by Advisor's personal securities transaction policy.

## Item 12/Brokerage Practices

A. Advisor generally will recommend that investment advisory accounts be maintained at Charles Schwab & Co. ("Charles Schwab"), in the event that client requests that Advisor recommend a broker-dealer/custodian for execution and/or custodial services. (Those clients directing Advisor to use a particular broker-dealer/custodian are excluded.) Prior to engaging Advisor to provide investment advisory services, the client is required to enter into a formal Investment Advisory Agreement setting forth the terms and conditions under which Advisor shall manage client's assets, and separate custodial/clearing agreements with each designated broker-dealer/custodian.

Factors that Advisor considers in recommending Charles Schwab (or any other broker-dealer/custodian) include: historical relationship with Advisor, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Advisor's clients shall comply with the Advisor's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Advisor determines, in good faith, that the commission/ transaction fee is reasonable in relation to the value of the brokerage and research services received. 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 services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Advisor will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/ custodian are exclusive of, and in addition to, Advisor's fee. Advisor's best execution responsibility is further qualified where securities that it purchases for client accounts are primarily mutual funds that trade at net asset value as determined at the daily market close.





- 1. Research and Additional Benefits** Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Advisor receives from Charles Schwab (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Advisor to better monitor and service client accounts maintained at such institutions. Included within the support services obtained by Advisor can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Advisor in furtherance of its investment advisory business operations.

As indicated above, certain support services and/or products that can be received may assist Advisor in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Advisor to manage and further develop its business enterprise.

There is no corresponding commitment made by Advisor to Charles Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**Advisor's Chief Compliance Officer, Paul Byron Hill, is available to address any questions that a client or prospective client may have regarding the above arrangement and any conflict of interest such arrangement may create.**

2. Advisor does not receive referrals from Charles Schwab or any broker-dealer/custodian.
3. Advisor does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). However when such client-directed arrangements do exist and Advisor consents to the arrangement, client will negotiate their own account terms and arrangements with that broker-dealer, and Advisor will not seek better execution services or prices from other broker-dealers. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Note:** Where client directs Advisor to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be recommended by Advisor.

- B. To the extent that Advisor provides investment advisory services to clients, transactions for each client account will be made independently and individually. Advisor will not obtain volume discounts or aggregate trades, and commission charges will vary among clients. Advisor will not combine or "bunch" such orders to seek best execution or negotiate more favorable commission

rates because trading is individualized for clients while attempting to reduce overall transaction costs. Client investments are primarily mutual funds and exchange-traded funds. Portfolios are structured individually for each client, which may include specific income tax considerations related to portfolio transactions. Advisor employs primarily a modified "buy-and-hold" approach with mutual funds to keep fund trading costs low. Tax planning for portfolio accounts is often much more significant than trading costs in keeping total investing costs, after-tax, lower and thereby maximum after-tax wealth.

## Item 13/Review of Accounts

A Advisor provides investment advisory services on a continuing basis. Financial planning and consulting services are periodic, but provided at least annually, and more often for Preferred and Premier clients at their request. Reviews are as follows:

**INVESTMENT ADVISORY SERVICES:** Advisor prepares a written investment policy statement ("IPS") customized for each client household. The client's IPS is reviewed at their annual portfolio planning and progress meeting, or more often at client's request. That annual review meeting, or by the Advisor prior to it, includes an inspection of portfolio holdings, noting changes in account values from prior years, and compares account allocation compared to the prior portfolio structure recommendation. Formal portfolio structure changes may be recommended accordingly which adjust informal changes since the time of the prior portfolio structure. That may be due to account rebalancing or account additions or withdrawals since the previous portfolio structure review. The client will acknowledge that they confirm continuing to maintain their IPS. However, the client is free to modify their IPS at their request or if there is a material change in client objectives, risk tolerance or personal circumstances.

The Advisor reviews at least quarterly: compliance of portfolios with investment policy and philosophy; performance of portfolio models relative to IPS benchmarks; performance of funds relative to appropriate factor benchmarks; details of the risk/return and investment expense profiles of funds used for clients. Reviewed annually is the Advisor's internal trading process, internal transfer process, and state of the portfolio accounting system. Also reviewed annually is the status of the primary broker-dealer/custodian and the investment management companies managing client funds against the universe of funds persistently aligned with dimensional market factors, including a review of fund family overall performance histories.

**FINANCIAL PLANNING AND CONSULTING:** The number of client financial planning reviews is based on the Standard, Preferred or Premier service level chosen. One review is offered and normally provided at least annually and included as part of the client's annual portfolio planning and progress meeting. Additional reviews for Preferred and Premier clients are offered for retirement planning, tax planning, insurance/benefits planning, and/or estate/legacy planning for those requesting them. The financial planning process and consulting for different service levels, is described in *Item 4 (B)* above. The available number of meetings and contacts each year is also indicated on a client's *Financial Planning and Consulting Agreement*. Unused meetings and/or email/service contacts may be carried over for future use, since planning needs will vary year-by-year.





- B. The Advisor may conduct informal account reviews for any client other than described about upon the occurrence of a specific triggering event: Client request; adding or distributing funds within accounts; market volatility; or sudden or unexpected material change in a Client's personal circumstances or in their financial situation.
- C. Clients are provided with written reports on a quarterly basis. Reports include changes in market value by custodial account and aggregated as a household; current and historical time-weighted performance statistics; comparison to the appropriate IPS benchmark index; and disclosure of all fees billed to the client's account. The client's independent broker-dealer/custodian directly provides regular account statements and written transaction confirmation notices (typically electronically accessible). Annuity account providers and/or employer retirement plan sponsors (also electronically accessible) provide similar statements. The broker/dealer custodian's statement is the official record of the client's securities account and supersedes any statement or report created on behalf of the client by the Advisor. Clients are encouraged to cross-reference security holdings as shown on Advisor reports with the broker-dealer/custodian's statement for the same period.

## Item 14/Client Referrals and Other Compensation

- A. Advisor receives no client referrals from Charles Schwab or any other custodian. As referenced in *Item 12 (A) 1* above, Advisor receives indirect economic benefits from Charles Schwab. Advisor, without cost (and/or at a discount), receives support services and/or products from Charles Schwab.

Advisor has no corresponding commitment to Charles Schwab or any other entity, including but not limited to, Dimensional Fund Advisors to invest any specific amount or percentage of Client assets in any particular mutual funds, securities or other investment products.

- B. Advisor does not receive Client referrals from non-supervised persons for compensation but reserves the right to may make such arrangements in the future.

**The Advisor's Chief Compliance Officer, Paul Byron Hill, remains available to address any questions that a Client or prospective Client may have regarding the above arrangements and any conflict of interest any such arrangements may create.**

## Item 15/Custody

Advisor has the ability to have its advisory fee for each Client debited periodically by broker-dealer/custodians. This is only for those Clients who do not pay directly for advisory services from quarterly billings. Deducting fees from Client accounts through a detailed procedure supervised by the broker-dealer/ custodian is the sole extent of Advisor custody of Client assets. Broker-dealer/custodians do not verify the accuracy of Advisor's advisory fee calculations.

Clients are provided with periodic written summary account statements and written transaction confirmation notices directly from their broker-dealer/custodian (monthly and by internet access), account provider (for annuities and 529 plans), and/or employer retirement plan sponsor (by private internet access). Advisor also provides Clients its own written report

summarizing aggregate account allocations, aggregate account performance, and aggregate account transaction activity. *The Client is urged to compare any statement or report provided by the Advisor with the account statements received from the broker-dealer/custodian or other account provider.*

## Item 16/Investment Discretion

Advisor provides investment advisory services primarily on a discretionary basis. This discretion is specifically limited by the terms and written limitations of the Client's investment policy statement or related communications. Non-discretionary advisory services are ordinarily provided for employer retirement plans, variable annuities, variable life insurance, 529 plans, and other vehicles not associated with Advisor's broker-dealer/custodians.

## Item 17/Voting Client Securities

- A. The Advisor does not vote Client proxies. Clients maintain exclusive responsibility for: (1) directing the way proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Advisor to discuss any questions they may have with a particular solicitation.

## Item 18/Financial Information

- A. The Advisor does not solicit fees of more than \$1,200, per Client, six months or more in advance of services rendered.
- B. As per *Item 16*, the Advisor offers investment advisory services and has no information of a financial condition that would likely impair its ability to meet contractual commitments to clients.
- C. The Advisor has not been the subject of a bankruptcy petition.

**Professional Financial's Chief Compliance Officer, Paul Byron Hill, CFP, remains available to address any questions regarding this Part 2A.**



# ANNUAL PRIVACY NOTICE

## Professional Financial Strategies, Inc.

Professional Financial Strategies, Inc (“Professional Financial”) maintains physical, electronic, and procedural safeguards that comply with federal standards to protect its clients’ nonpublic personal information (“information”). Through this policy and its underlying procedures, Professional Financial attempts to secure the confidentiality of customer records and information and protect against anticipated threats or hazards to the security or integrity of customer records and information.

It is the policy of Professional Financial to restrict access to and/or the sharing of all current and former clients’ information (i.e., information and records pertaining to personal background [including social security number and address], investment objectives, financial situation, financial planning issues, tax information/returns, investment holdings, account numbers, account balances, etc.) to those employees and affiliated/nonaffiliated entities who need to know that information in furtherance of the client’s engagement of Professional Financial.

Professional Financial shall disclose, as necessary, the client’s information: (1) to unaffiliated

service providers and vendors in furtherance of establishing, maintaining, and reporting on the client’s Professional Financial relationship (i.e., broker-dealer, account custodian, record keeper, technology, performance reporting, customer relationship management software [CRM], proxy voting, insurance, independent managers, sub-advisers, etc.); (2) required to do so by judicial or regulatory process; or (3) otherwise permitted to do so in accordance with applicable federal and/or state privacy regulations.

However, Professional Financial does not, and shall not, disclose or share information with any affiliated or nonaffiliated persons, entities or service providers for marketing or any other purposes or reasons not referenced above.

### ANY QUESTIONS OR CONCERNS:

Should you have any questions regarding the above, please contact:

Paul Byron Hill, CFP  
*Chief Compliance Officer*  
paulhill@professionalfinancial.com

March 31, 2023



PROFESSIONAL  
FINANCIAL  
*Purposeful Wealth Management*

# Firm Supplement

## Form ADV, Part 2B

Dated March 30, 2023

## Professional Financial Strategies, Inc.

*IARD/CRD File Number: 125580*

1159 Pittsford-Victor Road, Suite 120

Pittsford, NY 14534

**(585) 218-9080**

[planning@professionalfinancial.com](mailto:planning@professionalfinancial.com)

[professionalfinancial.com](http://professionalfinancial.com)

This brochure provides information about the qualifications and business practices of Professional Financial Strategies, Inc. (the "Advisor"). If you have any questions about the contents of this brochure, please contact us at (585) 218-9080 or [planning@professionalfinancial.com](mailto:planning@professionalfinancial.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. References herein to Advisor as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Additional information about Advisor is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Item 1/Cover Page

Professional Financial Strategies, Inc.

## Firm Supplement

Dated March 30, 2023



**Paul Byron Hill**

This brochure supplement provides information about Paul Byron Hill that supplements the Professional Financial Strategies, Inc. brochure. You should have received a copy of that brochure.

Please contact Paul Byron Hill, *Chief Compliance Officer* if you did not receive Professional Financial Strategies' brochure or if you have any questions about the contents of this supplement.

Additional information about Paul Byron Hill is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Contact:** Paul Byron Hill,  
*Chief Compliance Officer*  
1159 Pittsford-Victor Road, Suite 120  
Pittsford, New York, 14534

## Item 2/Education Background and Business Experience

Paul Byron Hill was born in 1952. Mr. Hill has been CEO, President or Chief Compliance Officer of Professional Financial Strategies, Inc., a registered investment adviser, since 1993. Mr. Hill graduated from the University of Rochester with a degree in English with Distinction. Education related to the practice of personal financial planning includes: MBA (Finance) from the Simon Business School at the University of Rochester (NY); an MS in Financial Services from the American College (PA); and a MS in Financial Planning from The College for Financial Planning, now part of the University of Phoenix (AZ).

Mr. Hill has been a **CERTIFIED FINANCIAL PLANNER™ professional (CFP®)** since 1983. He is certified for financial planning services in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP® Board") and may use that certification and CFP® Board's other marks (the "CFP® Board Certification Marks"). The CFP® certification is voluntary. No federal or state law or regulation requires financial planners to hold the CFP® certification. You may find more information about the CFP® certification at [www.cfp.net](http://www.cfp.net).

CFP® professionals have met CFP® Board's high standards for education, examination, experience, and ethics. To become a CFP® professional, an individual must fulfill the following requirements:

- **Education** – Earn a bachelor's degree or higher from an accredited college or university and complete CFP® Board-approved coursework at a college or university through a CFP® Board Registered Program. The coursework covers the financial planning subject areas CFP® Board has determined are necessary for the competent and professional delivery of financial planning services, as well as a comprehensive financial plan development capstone course. A candidate may satisfy some of the coursework requirement through other qualifying credentials.
- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination is designed to assess an individual's ability to integrate and apply a broad base of financial planning knowledge in the context of real-life financial planning situations.
- **Experience** – Complete 6,000 hours of professional experience related to the personal financial planning process, or 4,000 hours of apprenticeship experience that meets additional requirements.
- **Ethics** – Satisfy the *Fitness Standards for Candidates for CFP® Certification and Former CFP® Professionals Seeking Reinstatement* and agree to be bound by CFP® Board's *Code of Ethics and Standards of Conduct* ("Code and Standards"), which sets forth the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to remain certified and maintain the right to continue to use the CFP® Board Certification Marks:

- **Ethics** – Commit to complying with CFP® Board's Code and Standards. This includes a commitment to CFP® Board, as part of the certification, to act as a fiduciary, and therefore, act in the best interests of the client, at all times when providing financial advice and financial planning. CFP® Board may sanction a CFP® professional who does not abide by this commitment, but CFP® Board does not guarantee a CFP® professional's services. A client who seeks a similar commitment should obtain a written engagement that includes a fiduciary obligation to the client.
- **Continuing Education** – Complete at least 30 hours of continuing education every two years to maintain competence, demonstrate specified levels of knowledge, skills, and abilities, and keep up with developments in financial planning. Two of the hours must address the *Code and Standards*.





Mr. Hill has held a **Chartered Financial Consultant (ChFC®)** designation since 1983. ChFC® is a financial planning designation for the financial services industry. Candidates must meet education, experience, examination, and ethical requirements. Candidates must have at least three years of experience in the financial industry, or an undergraduate or graduate degree from an accredited university and two years of experience in the financial services industry. Candidates must take nine academic courses each followed by an two-hour exam. Courses and exams cover topics in finance, investing, insurance, and estate planning, with ongoing continuing education and ethics requirements.

ChFC® designees must meet experience, continuing education and ethics requirements. The credential is awarded by The American College, a non-profit educator founded in 1927 and the highest form of academic accreditation.

Mr. Hill has held a **Wealth Management Certified Professional (WMCP®)** designation since 2019. WMCP® is a designation teaching advisers concept, techniques and best practices for comprehensive wealth management. The education cover topics in life-cycle theory, goals-based planning, portfolio investment strategy, financial instruments, strategic wealth management, and specialized complex planning strategies. Candidates must take five academic courses that represents an average study time of more than 150 hours followed by an intensive four-hour mastery exam.

WMCP® designees must meet experience, continuing education and ethics requirements. The credential is awarded by The American College, a non-profit educator founded in 1927 and the highest form of academic accreditation.

Mr. Hill has held a **Retirement Income Certified Professional (RICP®)** designation since 2020. The RICP® designation teaches advisers techniques and best practices used to create sustainable streams of retirement income. The education covers retirement income planning, maximizing Social Security and other income sources, minimizing risks to the plan, and managing portfolios during the asset distribution phase. The designation includes three required, college-level courses that represent a total average study time of more than 150 hours.

RICP® designees must meet experience, continuing education and ethics requirements. The credential is awarded by The American College, a non-profit educator founded in 1927 and the highest form of academic accreditation.

### Item 3/Disciplinary Information

None.

### Item 4/Other Business Activities

A. The supervised person is not actively engaged in any other investment-related business, occupation or activity not related to financial planning or wealth management or education in financial planning.

B. **Licensed Insurance Broker.** Mr. Hill, a related person of Professional Financial, is licensed as an insurance broker and may share in compensation payable to an agent if insurance or annuities are purchased.

**Conflict of Interest:** The recommendation of purchasing a financial instrument presents a material conflict of interest, as reimbursement fees as insurance brokers may provide an incentive to recommend products based on commissions received rather than need. However, reimbursement fees paid to a related party of Professional Financial would waive advisory fees payable for consulting related to life insurance and annuity planning and implementation.

Both as CFP® professionals and as licensed brokers in New York, related persons of Professional Financial have a fiduciary duty to diligently evaluate all products, services and transactions available, relevant suitability information, and justifiable cost, reasonable performance and appropriate risk in the best interest of clients (CFP® professional fiduciary standards, Title I of the Employee Retirement Income Security and/or the Internal Revenue Code as applicable, and the New York Department of Financial Services Reg 187 apply). Where non-commissionable insurance and annuity instruments are determined to be in a client's best interest, they will be implemented, and client will pay the agreed planning and consulting fee. NOTE: Implementing SPIA, DIA and QLAC annuities will avoid ongoing advisory fees that Advisor would otherwise earn from AUM fees, and so provide lower long-term costs as well as longevity protection.

**Professional Financial Strategies' Chief Compliance Officer, Paul Byron Hill, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

### Item 5/Additional Compensation

None, other than dividends as a shareholder of Professional Financial Strategies, Inc.

### Item 6/Supervision

Professional Financial Strategies, Inc. provides investment advisory and supervisory services in accordance with SEC and state regulatory requirements. As Professional Financial Strategies' *Chief Compliance Officer*, Paul Byron Hill is primarily responsible for overseeing the activities of Professional Financial's supervised persons.

Mr. Hill also monitors client accounts and conducts client account reviews on at least an annual basis. Should a client have any questions regarding Professional Financial Strategies' supervision or compliance practices, please contact Mr. Hill at (585) 218-9080.



Item 1/Cover Page

Professional Financial Strategies, Inc.

## Firm Supplement

Dated March 30, 2023



### Kam-Lin Kok Hill

This brochure supplement provides information about Kam-Lin K. Hill that supplements the Professional

Financial Strategies, Inc. brochure. You should have received a copy of that brochure. You may also contact the Chief Compliance Officer if you did not receive Professional Financial Strategies' brochure or if you have any questions about the contents of this supplement.

Additional information about Kam-Lin K. Hill is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Contact:** Paul Byron Hill,  
Chief Compliance Officer  
1159 Pittsford-Victor Road, Suite 120  
Pittsford, New York, 14534

### Item 2/Education Background and Business Experience

Kam-Lin K. Hill was born in 1961. Ms. Hill received her MBA from The University of Hull, UK. Ms. Hill has been employed as Executive Vice President and CIO of Professional Financial Strategies, Inc. since 2001. Ms. Hill also serves as Managing Director of Professional Financial Solutions, LLC.

Ms. Hill has been a **CERTIFIED FINANCIAL PLANNER™ professional (CFP®)** since 2005. She is certified for financial planning services in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP® Board") and may use that certification and CFP® Board's other marks (the "CFP® Board Certification Marks"). The CFP® certification is voluntary. No federal or state law or regulation requires financial planners to hold the CFP® certification. You may find more information about the CFP® certification at [www.cfp.net](http://www.cfp.net).

CFP® professionals have met CFP® Board's high standards for education, examination, experience, and ethics. To become a CFP® professional, an individual must fulfill the following requirements:

- **Education** – Earn a bachelor's degree or higher from an accredited college or university and complete CFP® Board-approved coursework at a college or university through a CFP® Board Registered Program. The coursework covers the financial planning subject areas CFP® Board has determined are necessary for the competent and professional delivery of financial planning services, as well as a comprehensive financial plan development capstone course. A candidate may satisfy some of the coursework requirement through other qualifying credentials.
  - **Examination** – Pass the comprehensive CFP® Certification Examination. The examination is designed to assess an individual's ability to integrate and apply a broad base of financial planning knowledge in the context of real-life financial planning situations.
  - **Experience** – Complete 6,000 hours of professional experience related to the personal financial planning process, or 4,000 hours of apprenticeship experience that meets additional requirements.
  - **Ethics** – Satisfy the *Fitness Standards for Candidates for CFP® Certification and Former CFP® Professionals Seeking Reinstatement* and agree to be bound by CFP® Board's *Code of Ethics and Standards of Conduct* ("Code and Standards"), which sets forth the ethical and practice standards for CFP® professionals.
- Individuals who become certified must complete the following ongoing education and ethics requirements to remain certified and maintain the right to continue to use the CFP® Board Certification Marks:
- **Ethics** – Commit to complying with CFP® Board's *Code and Standards*. This includes a commitment to CFP® Board, as part of the certification, to act as a fiduciary, and therefore, act in the best interests of the client, at all times when providing financial advice and financial planning. CFP® Board may sanction a CFP® professional who does not abide by this commitment, but CFP® Board does not guarantee a CFP® professional's services. A client who seeks a similar commitment should obtain a written engagement that includes a fiduciary obligation to the client.
  - **Continuing Education** – Complete at least 30 hours of continuing education every two years to maintain competence, demonstrate specified levels of knowledge, skills, and abilities, and keep up with developments in financial planning. Two of the hours must address the *Code and Standards*.

Ms. Hill holds a **Chartered Financial Consultant (ChFC®)** designation since 2004. ChFC® is a financial planning designation for the financial services industry. Candidates must meet education, experience, examination, and ethical requirements. Candidates must have at least three years of experience in the financial industry, or an under-graduate or graduate degree from an accredited university and two years of experience in the financial services industry. Candidates must take nine academic courses each followed by an exam. Courses and exams cover topics in finance, investing, insurance, and estate planning, with ongoing continuing education and ethics requirements.

ChFC® designees must meet experience, continuing education and ethics requirements. The credential is awarded by The American College, a non-profit educator founded in 1927 and the highest form of academic accreditation.

Ms. Hill holds the **Chartered Global Management Accountant (CGMA)** designation and became a Fellow of the Chartered Institute of Management Accountants (FCMA) in 1997. The designations identify individuals who have completed stringent accounting examinations, education, experience, and ethics requirements mandated by the Chartered Institute of Management Accountants Board, which has Royal Chartered status in the United Kingdom. Candidates for fellowship must have at least three years of relevant Practical Experience Requirements (PER) that relates to management accounting at a senior level.

CGMA candidates must pass nine examinations on management accounting, decision making, risk and control, information systems, integrated management, business strategy, financial accounting and tax, financial analysis, and financial strategy. CGMAs are regulated by the CIMA Board and are recognized by the American Institute of Certified Public Accountants (AICPA).

### Item 3/Disciplinary Information

None.

### Item 4/Other Business Activities

A. The supervised person is not actively engaged in any other investment-related businesses or occupation not related to financial planning and wealth management.

B. **Licensed Insurance Broker.** Ms. Hill, a related person of Professional Financial is a licensed insurance broker, and may share in compensation payable to an agent if insurance or annuities are purchased.

**Conflict of Interest:** The recommendation of purchasing a financial instrument presents a material conflict of interest, as reimbursement fees as insurance brokers may provide an incentive to recommend products based on commissions received rather than need. However, reimbursement fees paid to a related party of Professional Financial would waive advisory fees payable for consulting related to life insurance and annuity planning and implementation.

Both as CFP® professionals and as licensed brokers in New York, related persons of Professional Financial have a fiduciary duty to diligently evaluate all products, services and transactions available, relevant suitability information, and justifiable cost, reasonable performance and appropriate risk in the best interest of clients (CFP® professional fiduciary standards, Title I of the Employee Retirement Income Security and/or the Internal Revenue Code as applicable, and the New York Department of Financial Services Reg 187 apply). Where non-commissionable insurance and annuity instruments are determined to be in a client's best interest, they will be implemented, and client will pay the agreed planning and consulting fee. NOTE: Implementing SPIA, DIA and QLAC annuities will avoid ongoing advisory fees that Advisor would otherwise earn from AUM fees, and so provide lower long-term costs as well as longevity protection.

**Professional Financial Strategies' Chief Compliance Officer, Paul Byron Hill, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

### Item 5/Additional Compensation

None.

### Item 6/Supervision

Professional Financial Strategies, Inc. provides investment advisory and supervisory services in accordance with SEC and state regulatory requirements. Professional Financial Strategies' **Chief Compliance Officer**, Paul Byron Hill, is primarily responsible for overseeing the activities of the Professional Financial Strategies' supervised persons.

Mr. Hill also monitors client accounts and conducts client account reviews on at least an annual basis. Should a client have any questions regarding Professional Financial's supervision or compliance practices, please contact Mr. Hill at (585) 218-9080.

Item 1/Cover Page

## Professional Financial Strategies, Inc. **Firm Supplement**

Dated March 30, 2023



### Peter C. Van Der Voorn

This brochure supplement provides information about Peter C. Van Der Voorn that supplements the Professional Financial Strategies, Inc. brochure. You should have received a copy of that brochure. Please contact Paul Byron Hill, *Chief Compliance Officer* if you did not receive Professional Financial Strategies' brochure or if you have any questions about the contents of this supplement.

Additional information about Peter C. Van Der Voorn is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Contact:** Paul Byron Hill,  
*Chief Compliance Officer*  
1159 Pittsford-Victor Road, Suite 120  
Pittsford, New York, 14534

### Background and Business Experience

Peter C. Vandervoorn was born in 1940. Mr. Vandervoorn graduated from Wichita State University with a degree in Chemistry. Mr. Vandervoorn earned his PhD in Chemistry from The University of Illinois, Champaign-Urbana. Mr. Vandervoorn has been employed as a wealth consultant of Professional Financial Strategies, Inc. since 2000. Mr. Vandervoorn is employed by H&R Block for income tax preparation,

Mr. Vandervoorn has been a **CERTIFIED FINANCIAL PLANNER™ professional (CFP®)** since 2001. He is certified for financial planning services in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board") and may use these and CFP Board's other marks (the "CFP Board Certification Marks"). The CFP® certification is voluntary. No federal or state law or regulation requires financial planners to hold the CFP® certification. You may find more information about the CFP® certification at [www.cfp.net](http://www.cfp.net).

CFP® professionals have met CFP Board's high standards for education, examination, experience, and ethics. To become a CFP® professional, an individual must fulfill the following requirements:

- **Education** – Earn a bachelor's degree or higher from an accredited college or university and complete CFP Board-approved coursework at a college or university through a CFP Board Registered Program. The coursework covers the financial planning subject areas CFP Board has determined are necessary for the competent and professional delivery of financial planning services, as well as a comprehensive financial plan development capstone course. A candidate may satisfy some of the coursework requirement through other qualifying credentials.

- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination is designed to assess an individual's ability to integrate and apply a broad base of financial planning knowledge in the context of real-life financial planning situations.
- **Experience** – Complete 6,000 hours of professional experience related to the personal financial planning process.
- **Ethics** – Satisfy the *Fitness Standards for Candidates for CFP® Certification and Former CFP® Professionals Seeking Reinstatement* and agree to be bound by CFP Board's *Code of Ethics and Standards of Conduct* ("Code and Standards"), which sets forth the ethical and practice standards.

Individuals who become certified must complete the following to remain certified and maintain the right to continue to use the CFP Board Certification Marks:

- **Ethics** – CFP® Commit to complying with CFP Board's *Code and Standards*. This includes a commitment to CFP Board, as part of the certification, to act as a fiduciary, and therefore, act in the best interests of the client, at all times when providing financial advice and financial planning. CFP Board may sanction a CFP® professional who does not abide by this commitment, but CFP Board does not guarantee a CFP® professional's services. A client who seeks a similar commitment should obtain a written engagement that includes a fiduciary obligation to the client.
- **Continuing Education** – Complete 30 hours of continuing education every two years to maintain competence, demonstrate specified levels of knowledge, skills, and abilities, and keep up with developments in financial planning. Two of the hours must address the *Code and Standards*.

### Item 3/Disciplinary Information

None.

### Item 4/Other Business Activities

- The supervised person is not actively engaged in any other investment-related businesses or occupations not related to financial planning.
- This supervised person is no longer engaged in the business of income tax preparation.

### Item 5/Additional Compensation

None.

### Item 6/Supervision

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