

# Sterling Wealth Advisors, Inc.

## Brochure Dated 3/07/2012

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**This brochure provides information about the qualifications and business practices of Sterling Wealth Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (954) 771-1313 or Elizabeth@Sterlingwealthadvisors.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.**

**Additional information about Sterling Wealth Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Sterling Wealth Advisors, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

**Item 2           Material Changes**

There have been no material changes made to Sterling Wealth Advisors, Inc.'s disclosure statement since last year's Annual Amendment filing on March 19<sup>th</sup>, 2010.

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#### **Item 4            Advisory Business**

- A. Sterling Wealth Advisors, Inc. (the “Adviser”) is a corporation formed on August 31<sup>st</sup>, 2001 in the State of Florida (previous to which it operated as a sole proprietorship). The Adviser became registered as an Investment Adviser Firm in September 1998. The Adviser is owned by Elizabeth A. Barrett. Ms. Barrett is the Adviser’s President.
  
- B. As discussed below, the Adviser offers to its clients (individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, combined investment advisory services and financial planning and financial planning and related consulting services. Adviser does not sell insurance or investment products, and does not accept commissions as a result of any product recommendations. Adviser does not pay referral or finder's fees, nor does it accept such fees from other firms.

#### **Investment Advisory Services**

##### ***Financial Planning and Investment Advisory Retainer***

This service provides ongoing, financial planning and discretionary investment advisory services. During the initial year, client will receive a financial plan which may include the services listed below. Clients will have three to six scheduled meetings during the initial year, depending on their individual situation, and generally one to three scheduled meetings during renewal years. In addition to scheduled meetings, additional face-to-face, e-mail and/or phone consultations are included at no additional charge.

Services provided may include, but are not limited to: cash flow analysis, investment planning, tax planning, insurance review, inventory of assets, analysis of financial goals, portfolio analysis, development of an asset allocation strategy, retirement planning and estate plan reviews.

##### ***Investment Advisory Services Only***

The client can determine to engage the Adviser to provide discretionary investment advisory services on a *fee-only* basis. The Adviser’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Adviser’s management.

##### **Financial Planning and Consulting Services (Stand-Alone)**

In addition to the combined investment advisory and financial planning services set forth above, the Adviser offers the following financial planning and consulting services on a stand alone basis (typically these plans are short term

engagements for those clients who do not wish to engage in an open retainer and are completed within two to six months):

### ***Financial Overview***

This is an objective overview of a client's financial situation. A financial overview provides the client with a net worth summary and recommendations on up to three financial planning topics selected, in advance, by the client. The written recommendations will be presented in one two-hour meeting with Adviser's Principal, Elizabeth A. Barrett. No follow-up services are provided with the financial overview. This level of service is tailored to client's specific financial situation. The plan does not include help with implementation of any recommendations (i.e., investments, wills, tax preparation, etc.). Upon presentation of the financial plan and the recommendations associated therewith, the engagement is complete. Should the client need or desire future consultations with Adviser, the client is responsible for initiating contact and re-engaging the Adviser for this service.

### ***Consulting Project/Retainer***

If an ongoing, comprehensive financial planning and investment advisory services relationship is not desired or practical, a project retainer service may be offered in the Adviser's sole discretion. The project retainer service is narrower in scope and usually focuses on one or more of the following areas: goal setting, asset/liability analysis, tax planning, cash flow management, investment review, retirement planning, risk management, estate planning, and record keeping. The service includes various client consultations as well as written and/or oral recommendations resulting from such consultations.

### **Business Retirement Plan/Retirement Consulting**

The Adviser also provides non-discretionary pension consulting services to sponsors and or participants of retirement plans. The terms and conditions of any such engagement including compensation to be paid to the Adviser will be set forth in a separate written agreement between the Adviser and the plan sponsor. Personalized investment advice will not be provided to plan participants regarding their plan assets. However, plan participants who wish to engage the Adviser for individualized financial planning our consulting services regarding assets outside the scope of the qualified plan may do so by executing a separate written agreement, including separate fees and fee payment arrangements, with the Company.

### **Miscellaneous**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Adviser *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Adviser, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of the Adviser's services should be construed as same. To the extent requested by a client, the Adviser may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client

retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Adviser.

**Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Please Note: Fee Differentials.** The Adviser shall price its services based upon various objective and subjective factors. As a result, Adviser's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning and/or consulting services to be rendered. The services to be provided by the Adviser to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Other Business.** Adviser's Principal, Elizabeth A. Barrett, owns Cambridge Consulting, a sole proprietorship that conducts seminars on various topics (typically related to investing or financial issues). The seminars are not marketed to Adviser's clients. Adviser's Principal also produces books and continuing education materials for these seminars, which are sold.

**Client Obligations.** In performing its services, Adviser shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Adviser if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Adviser's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Adviser's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*, *Financial Planning and Investment Advisory Agreement*, or *Consulting Agreement*. Any client who has not received a copy of Adviser's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement*, *Financial Planning and Investment Advisory Agreement*, or *Consulting Agreement* shall have five business days subsequent to executing the agreement to terminate the Adviser's services without penalty.

- C. The Adviser shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Adviser shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Adviser's services.
- D. The Adviser does not participate in a wrap fee program.
- E. As of December 31, 2011, the Adviser had \$55,061,327 in assets under management on a discretionary basis.

**Item 5 Fees and Compensation**

- A. The client can determine to engage the Adviser to provide combined discretionary investment advisory services and comprehensive financial planning and/or consulting services or discretionary investment advisory services on a *fee-only* basis.

**Investment Advisory Services**

***Financial Planning and Investment Advisory Retainer***

If a client determines to engage the Adviser to provide ongoing financial planning and discretionary investment advisory services, the Adviser generally requires a minimum annual financial planning retainer of \$5,000 (but varies depending upon the level and scope of the service(s) required and the professional(s) rendering the services) plus a fee for investment advisory services based on the assets under management as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$1,000,000	1.00%
Assets between \$1,000,001-\$2,000,000	0.85%
Assets between \$2,000,001-\$4,000,000	0.65%
Assets between \$4,000,001-\$6,000,000	0.50%
Assets over \$6,000,000	0.35%

**\*Please Note**, the following services are not included in our retainer and will be billed separately at a rate of \$350 per hour (minimum fee of \$1500) estate settlement, separation of marital or partnership assets, terminal illness.

***Investment Advisory Services Only***

The client can determine to engage the Adviser to provide discretionary investment advisory services on a *fee-only* basis. The Adviser's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Adviser's management (between 1.00% and 1.50%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$500,000	1.50%
Assets between \$500,001-\$1,000,000	1.25%
Assets over \$1,000,000	1.00%

\*The Adviser's generally requires an annual minimum fee of \$3,000 for investment advisory services only.

**Financial Planning and Consulting Services (Stand-Alone)**

In addition to the combined investment advisory and financial planning services set forth above, the Adviser offers the following financial planning and consulting services on a stand alone basis:

### ***Financial Overview***

The fee for a Financial Overview is \$1,200. In the event that the client engages the Adviser to provide combined investment advisory and financial planning services set forth above, a credit will be applied in the amount of the Financial Overview.

### ***Consulting Project/Retainer***

Services under the project retainer are typically provided on a flat-fee basis. Adviser may provide project retainer services for an hourly fee of \$350. Flat fee project retainers are due in full at the beginning of the engagement. In Adviser's sole discretion, fees may be paid with one-half due at the beginning of the engagement and the remainder upon completion. These services may include, Complete Financial Review, Investment Plan, Retirement Plan, Estate and Tax Planning, etc.

### **Business Retirement Plan/Retirement Consulting**

If a client determines to engage the Adviser to provide business retirement plan/retirement consulting services, the Adviser's annual fee shall be the greater of 0.50% of the retirement plan assets or \$10,000. The Adviser generally requires a minimum account size of \$2,000,000 for business retirement plan/retirement consulting. The Adviser's business retirement plan/retirement consulting services fee is paid quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

### **Payment of Fees:**

Except for the Financial Overview, payment for which is due upon engagement, for all other financial planning and consulting services, fifty percent (50%) of the quoted fee is due upon engagement, and the remainder is due upon completion of the project or plan.

For new clients receiving ongoing financial planning and investment advisory services, annual fees will be determined upon engagement for the first year of the engagement, whether or not the first engagement year coincides with the calendar year. After the first anniversary of the engagement, a pro-rated fee will be calculated to compensate the Adviser for services to be rendered from the first anniversary to the end of that calendar year, when the client will join existing clients in a January-December fee year.

For renewing clients receiving ongoing financial planning and investment advisory services, each client's annual fee is determined based upon the value of the assets under Adviser's management as of September 30<sup>th</sup> of each preceding calendar year. Annual fees are non-negotiable once agreed to and will be split into two payments, one due in January, and the other in July.

All invoices are due immediately upon receipt.

- B. Clients may elect to have the Adviser's advisory fees deducted from their custodial account. The Adviser's *Financial Planning and Investment Advisory Agreement*, the Adviser's *Investment Advisory Agreement* and the custodial/

clearing agreement may authorize the custodian to debit the account for the amount of the Adviser's investment advisory fee and to directly remit that advisory fee to the Adviser in compliance with regulatory procedures. In the event that the Adviser bills the client directly, payment is due upon receipt of the Adviser's invoice. The Adviser shall deduct fees and/or bill clients semi-annually, based upon the market value of the assets on as of September 30<sup>th</sup> of each preceding calendar year.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Adviser shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Adviser's investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Adviser's annual investment advisory fee shall be paid semi-annually, based upon the market value of the assets as of September 30<sup>th</sup> of each preceding calendar year. The Adviser generally requires a \$3,000 annual minimum fee for investment advisory services. The Adviser, in its sole discretion, may reduce its investment advisory fee and/or waive or reduce its annual minimum fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Both the *Financial Planning and Investment Advisory Agreement* and the *Investment Advisory Agreement* between the Adviser and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Financial Planning and Investment Advisory Agreement* or the *Investment Advisory Agreement*. Upon termination, the Adviser shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing cycle.

- E. Neither the Adviser, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither the Adviser nor any supervised person of the Adviser accepts performance-based fees.

#### **Item 7            Types of Clients**

The Adviser's clients shall generally include individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations.

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

- A. The Adviser may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Adviser may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Adviser) will be profitable or equal any specific performance level(s).

- B. The Adviser's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Adviser must have access to current/new market information. The Adviser has no control over the dissemination rate of market information; therefore, unbeknownst to the Adviser, certain analyses may be compiled with outdated market information, severely limiting the value of the Adviser's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Adviser's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Adviser primarily allocates client investment assets among various no-load mutual funds (i.e. mutual funds that have no sales fee), exchange traded funds, U.S. government securities, money market accounts, certificates of deposit and individual bonds (corporate, agency and municipal), on a discretionary basis in accordance with the client's designated investment objective(s).

**Item 9            Disciplinary Information**

The Adviser has not been the subject of any disciplinary actions.

**Item 10          Other Financial Industry Activities and Affiliations**

- A. Neither the Adviser, 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 Adviser, 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. The Adviser does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person
- D. The Adviser does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Adviser maintains an investment policy relative to personal securities transactions. This investment policy is part of Adviser's overall Code of Ethics, which serves to establish a standard of business conduct for all of Adviser's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Adviser also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Adviser or any person associated with the Adviser.

- B. Neither the Adviser nor any related person of Adviser recommends, buys, or sells for client accounts, securities in which the Adviser or any related person of Adviser has a material financial interest.
- C. The Adviser and/or representatives of the Adviser *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Adviser and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Adviser 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 Adviser's clients) and other potentially abusive

practices.

The Adviser has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Adviser's "Access Persons". The Adviser's securities transaction policy requires that an Access Person of the Adviser must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days of 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 Adviser selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Adviser and/or representatives of the Adviser *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Adviser and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Adviser has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Adviser's Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that the Adviser recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Adviser to use a specific broker-dealer/custodian), Adviser generally recommends that investment advisory accounts be maintained at *Schwab*. Prior to engaging Adviser to provide investment advisory services, the client will be required to enter into a formal *Financial Planning and Investment Advisory Agreement* or *Investment Advisory Agreement* with Adviser setting forth the terms and conditions under which Adviser shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Adviser considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with the Adviser, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Adviser's clients shall comply with the Adviser's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Adviser 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 a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Adviser 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, Adviser's investment advisory fee. The Adviser's best execution responsibility is qualified if securities that it purchases for client accounts are 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, Adviser may receive from *Schwab* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Adviser to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Adviser may 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 Adviser in furtherance of its investment advisory business operations.

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

Adviser's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Adviser to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Adviser's Chief Compliance Officer, Elizabeth A. Barrett, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. The Adviser does not receive referrals from broker-dealers.
3. The Adviser does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Adviser will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Adviser. 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.

**Please Note:** In the event that the client directs Adviser 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 available through Adviser.

**The Adviser's Chief Compliance Officer, Elizabeth A. Barrett, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Adviser provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless the Adviser decides to purchase or sell the same securities for several clients at approximately the same time. The Adviser may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Adviser's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Adviser shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13      Review of Accounts**

- A. For those clients to whom Adviser provides investment advisory services, account reviews are conducted on an ongoing basis by the Adviser's Principal. All investment supervisory clients are advised that it remains their responsibility to advise the Adviser of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Adviser on an annual basis.
- B. The Adviser **may** conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Adviser may also provide a written periodic report summarizing account activity and performance.

#### **Item 14      Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, the Adviser may receive an indirect economic benefit from *Schwab*. The Adviser, without cost (and/or at a discount), may receive support services and/or products from *Schwab*.

Adviser's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Adviser to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Adviser's Chief Compliance Officer, Elizabeth A. Barrett, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. The Adviser does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

#### **Item 15      Custody**

The Adviser shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Adviser may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Adviser provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Adviser with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Adviser's advisory fee calculation.

**Item 16 Investment Discretion**

The client can determine to engage the Adviser to provide investment advisory services on a discretionary basis. Prior to the Adviser assuming discretionary authority over a client's account, the client shall be required to execute a *Financial Planning and Investment Advisory Agreement* or *Investment Advisory Agreement*, naming the Adviser as the client's attorney and agent in fact, granting the Adviser full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Adviser on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Adviser's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Adviser's use of margin, etc.).

**Item 17 Voting Client Securities**

- A. The Adviser does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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 the Adviser to discuss any questions they may have with a particular solicitation.

**Item 18 Financial Information**

- A. The Adviser does not require fees of more than \$500, per client, six months or more in advance.
- B. The Adviser is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Adviser has not been the subject of a bankruptcy petition.

**Item 19 Requirements for State-Registered Advisors**

- A. Elizabeth A. Barrett, is the Adviser's principal executive officer and management person. For more information about Ms. Barrett, please see Part 2B of Adviser's Brochure.

- B. The Adviser is not actively engaged in any other business other than as set forth herein.
- C. Neither the Adviser nor its representatives accept performance-based fees.
- D. Neither the Adviser nor its representatives has been the subject of any disciplinary actions.
- E. Neither the Adviser nor its representatives has any relationship or arrangement with any issuer of securities.

**ANY QUESTIONS: The Adviser's Chief Compliance Officer, Elizabeth A. Barrett, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**