

DISCLOSURE BROCHURE

PREPARED IN COMPLIANCE WITH
THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3(A)

FIRMIARD #: 143190



SEVEN HILLS
FINANCIAL, LLC.

Registered Investment Advisor

FINANCIAL PLANNING - INSURANCE - PORTFOLIO MANAGEMENT

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This Disclosure Brochure provides information about the qualifications and business practices of Seven Hills Financial, LLC, which should be considered before becoming a client. Please contact Mr. Jeffrey A. Johnson if you have any questions about the contents of this brochure.

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator.

BROCHURE
DATED
1
JANUARY
2009

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Material Changes

This Disclosure Brochure has been revised and updated to reflect all material changes that occurred in calendar year 2008.

EXECUTIVE

summary

WHO WE ARE

Seven Hills Financial, LLC (hereinafter referred to as “the Company”, “we”, “us” and “our”) is a Registered Investment Advisor¹ focused on assisting you and your family, including any business entity (profit or non-profit), secure your monetary needs for today, tomorrow, and in the future.

OUR MISSION

It is our conviction that success, achievement, and contentment have little correlation to material wealth. As a result, at times the advice we offer may have little to do with the accumulation of assets but rather what is best for your personal health and well-being. Therefore, it is this conviction that defines our mission:

“To diligently pursue the highest standards of fiduciary duty and to hold in trust your financial goals and objectives as if they were our own; and assist you navigate the maze of financial alternatives so that wise financial choices can be made.”

WHAT WE DO

We provide comprehensive long-term solutions that stress disciplined lifestyle choices which lead to healthy financial decisions. These solutions embody your unique values so the financial plan we design for you reflects how *you* define true wealth.

There are four economic components that are common to every individual/family unit or business entity; each sensitively linked to the other. Should one of these components become imbalanced then the results may adversely affect the individual/family unit or business entity. What we seek to do is determine how our financial advice might impact the stability of these components, and then offer the advice most likely to prevent such imbalances from occurring. These four components are:

- ❖ **Income** – Employment, investment income, windfall/inheritance, social security, and pension income.
- ❖ **Household Expenses** – Housing, utilities, transportation, insurance, education, debt repayment, taxes, and other expenses including entertainment.
- ❖ **Assets** – Real estate, investments, other tangible property, and intangible property (e.g., skills, knowledge and abilities).
- ❖ **Liabilities and Net Worth** – Mortgages, credit cards, and other unsecured debts, automobiles, insurance, funded net worth and financial credit.

Therefore, we look at your lifestyle choices and financial goals as an interaction between your *income* and *household expenses*, your collection and management of *assets*, and your use and management of *liabilities and net worth*.

¹ The term “registered investment advisor” is not intended to imply that Seven Hills Financial, LLC has attained a certain level of skill or training. It is used strictly to reference the fact that we are “registered” as an “investment advisor” with the Florida Department of Financial Services – and with such other regulatory agencies that may have limited regulatory jurisdiction over our business practices.

PLANNING

services

Thoughtful planning is one of the most important services that successful people use to create an extraordinary personal life and business career. However it requires a lifetime commitment, not only from you, but from us as well.

We offer two types of planning services to help you on this life journey:

- ❖ **Financial Planning** – Financial Life Planning is about using money to make a life rather than the other way around – a life to make money. It is a process of creating and implementing a financial plan that is tailored to your most cherished dreams.
- ❖ **Business and Corporate Planning** – Business and Corporate Planning is thinking ahead for conducting business. It involves formulating and implementing decisions about the company's present and future direction in accordance with the company's goals as set out in a strategic plan or other such document.

I. FINANCIAL PLANNING

The financial planning process helps to identify and/or clarify purpose, values, needs, and priorities and align your financial decisions with your goals in all areas of your life.

Financial Planning Composition

Financial planning is an evaluation of the investment and financial options available to you based upon your defined lifestyle choices. Planning includes: (i) attempting to make optimal decisions; (ii) projecting the consequences of these decisions for you in the form of a financial plan – a working blueprint; and, (iii) implementing the protocol to achieve the objectives of the plan. Once complete the plan is then used to compare future performance against the working blueprint.

A financial plan can be comprehensive – a mutually defined review of your personal financial needs; or, targeted – a review, analysis and evaluation of a core area of financial need. In general, our financial planning encompasses one or more of the following areas of financial need as presented by you:

- ❖ **Personal** – Family records, budgeting, personal liability, estate information and financial goals.
- ❖ **Education** – Education IRAs, financial aid, and state savings plans including 529 plans, grants and general assistance in preparing to meet dependents continuing educational needs through development of an education plan.
- ❖ **Taxes & Cash Flow** – Understanding the impact of various investments on your current income tax and future tax liability.
- ❖ **Survivor and Beneficiary Needs** – Cash needs at death, income needs of surviving dependents, estate planning and income analysis.
- ❖ **Estate** – Reviewing estate planning documents, including wills and trusts, to determine if you should seek the assistance of an estate planning attorney. Reviewing powers of attorney, nursing home and assisted living agreements, living trusts, and Medicare/Medicaid benefits.

- ❖ **Retirement** – Analysis of current strategies and investment plans to help you achieve your retirement goals.
- ❖ **Investments** – Analysis of investment alternatives and their effect on your investment portfolio(s), including a risk and return analysis. Assessment of your risk tolerance profile.
- ❖ **Real Estate** – Analysis of real estate investment opportunities.
- ❖ **Insurance** – Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

The Financial Planning Process

We use the following financial planning process, consisting of four (4) steps, while working with you. This process has been set forth by the Certified Financial Planner Board of Standards, Inc.

Phase I – The Discovery Process *Positive Focus*

Through the discovery process, we will learn about you and what you want to achieve. We seek to thoroughly understand your needs, concerns, and priorities. This is accomplished through personal interviews and profile questionnaires², which are designed to address all of the financial planning disciplines discussed above. You will have the opportunity to prioritize your objectives and to remove from the process any areas that are not applicable to your circumstances. We will explain how we will assist you meet your stated personal and financial objectives, and the responsibilities we have as a fiduciary on this journey. In addition, we explain fully the cost of completing the work and the method and time frame of payment that will be needed.

The time we invest in developing this relationship, to listen, and cater to your desires is critical for developing a strong financial planning foundation. Such time helps to:

- ❖ Define and narrow your objectives and investment options;
- ❖ Stimulate creative thinking;
- ❖ Identify areas of greatest concern;
- ❖ Create a unique picture of your overall financial personality; and,
- ❖ Provide an effective and efficient way for us to address your unique personal goals, life needs, and objectives.

After the interview process, we will prepare an agenda and conduct a meeting with you to begin formally documenting your goals and objectives. From this meeting, we will draft a report documenting the financial planning process disciplines, which you wish to address, and detailing the specific objectives under each discipline. Redrafting and meetings can be repeated until you are completely satisfied with the report. Depending upon the engagement, different levels of financial reporting will be undertaken. At a minimum, a statement of financial position, designed for financial planning use only, will be prepared.

Phase II – Strategic Options *Architecture*

We define the financial plan as a series of blueprints designed to take you from where you currently are financially, to where you want to be financially. This is the creative portion of the process. There are usually many different ways to accomplish a given goal. The objective, however, is to formulate a plan that you will be comfortable executing. In some

² The profile questionnaires we use are important tools in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc... If you elect not to answer the questionnaires or choose to respond with limited input, it is possible that we could operate in a handicapped capacity. Therefore, if you desire the most effective and accurate recommendations, you will make every effort to provide us with detailed personal needs and objectives, along with detailed financial and tax information.

cases, the drafting of the plan reveals the need for us to help you reconcile the gap between your expectations and your financial realities. Once a viable plan has been drafted, it is presented to and reviewed with you. The draft and review process may be repeated until you are satisfied with the financial plan.

Phase III – Strategic Integration Construction

A financial plan is of limited value if it is not put into action. Accordingly, we place a premium on implementing³ and monitoring the financial plan. The implementation schedule provides you with a list of tasks and deadlines designed to ensure that the financial plan is put into action. The following are some examples of implementation: (i) drafting of appropriate estate documents (performed by an estate attorney); (ii) purchase of various insurance policies (performed by licensed agents affiliated with the Company or other independent insurance agents); (iii) investment advisory services, including preparation of an Investment Policy Statement and asset allocation strategy (performed by us, or another investment adviser/broker-dealer of your choice); (iv) adoption of a personal budget; and, (v) income tax planning (prepared by a CPA).

Phase IV – Strategic Completion Management

Once the financial plan has been built and the recommendations have been implemented it is critical that these recommendations be monitored on a continuing basis. Material changes in your personal circumstances, the general economy, changes in the way you want your investments allocated, or tax law changes are some of the reasons why the recommendations should be reviewed periodically and possibly adjusted. We strongly suggest that the overall financial plan be reviewed not less than on an annual basis.

Financial Planning Fees & Termination

Our financial planning fees will be based on the size, complexity, and nature of your personal and financial situation and the amount of time it will take to analyze and summarize the plan and perform the services desired by you for the year.

Coordinated

All coordinated financial planning services are offered on a fixed fee basis and will not exceed \$10,000.00 for the initial engagement. Such fee will be fully disclosed up-front in a Financial Planning Agreement (“Agreement”), which will include the cost⁴ to review your financial information and prepare the financial plan. We maintain the option to: (i) require full payment up-front; (ii) require one-half the fee be paid at the time the Agreement is signed, with the remaining balance due upon completion of the financial plan; or, (iii) require one-half the fee be paid at the time the Agreement is signed, with the remaining balance billed monthly on a progress basis as the work is completed.

Targeted

If you only desire targeted financial planning – review, analysis and evaluation of a core area of financial need – this service will be offered on a fixed fee basis, which will be based on the time involved to complete the work. Such fee will be fully disclosed up-front in a Financial Planning Agreement (“Agreement”).

³ Implementing the recommendations made in a financial plan often requires consultation or coordination with one or more outside professionals (e.g.: attorneys, CPAs, insurance and securities representatives). All information provided by and received from you will be kept entirely confidential, not only by us, but by the outside professionals as well. Such information will be disclosed to third parties only with mutual consent or as may be permitted or required by law.

⁴ Rarely will a fee exceed those costs outlined in the Agreement. However, there can be instances where we did not contract with you to perform a particular task and therefore merit notifying you of the additional cost prior to beginning such services.

Termination of Financial Planning Services

You are given five (5) full business days after entering into an Agreement in which to cancel and obtain a full refund. Should you wish to terminate the Agreement after such time period and before the presentation of any financial planning documents, the Company will be compensated through the date of termination for time spent in design of such financial documents at the hourly rate agreed to in the Agreement. If you have prepaid any fees, such fees will be returned on a pro-rata basis. After the financial plan has been completed and presented to the client, termination of the Agreement is no longer an option.

Targeted financial planning can be terminated at any time. We will bill you for any services rendered from the date of the last bill up to the date of termination at the agreed upon hourly rate.

II. BUSINESS AND CORPORATE PLANNING

Business and Corporate Planning is a as a blueprint for present/future policy and resource decisions. It guides day-to-day organizational choices, and provides a measurement tool to evaluate progress.

Business and Corporate Planning Composition

As part of our Services, we also offer Business and Corporate Planning to our business clients needing assistance managing the big picture and maintaining a positive cash flow. We work with your management team to:

- ❖ **Define Goals** – Discover and help prioritize short and long-term planning goals and aspirations with the business.
- ❖ **Plan for Performance** – Identify business life cycle transitions that you are experiencing and expect to be experiencing.
- ❖ **Business Risk Management** – Analyze your current insurance documents in comparison to business continuation and risk retention goals.
- ❖ **Employee Benefits** – Assist in determining the optimal employee benefit package to maximize employee performance and retention.
- ❖ **Develop a Key-Man Policy** – Implement a Key-Man reward and retention plan to reward key executives and to retain employees.
- ❖ **Business Owner and Employee Retirement Planning** – Analyze or develop pension plans to assure that you meet the fiduciary responsibilities to plan participants.
- ❖ **Business Transition and Exit Planning** – Provide plan development and implementation tools for your transition to retirement.
- ❖ **Design a Business Financial Plan** – Provide written recommendations and alternatives to help you achieve stated business financial and employee goals.
- ❖ **Offer Pension Consulting Services** – Help to implement financial decisions and to coordinate the necessary financial product providers.

Business and Corporate Planning Fee

Initial Fee

The Business and Corporate Planning fee is offered on a fixed fee basis and will not exceed \$10,000.00 for the initial engagement. Such fee will be fully disclosed up-front in a Business and Corporate Planning Agreement (“Agreement”), which will include the cost⁵ to review

⁵ Rarely will a fee exceed those costs outlined in the Agreement. However, there can be instances where we did not contract with you to perform a particular task and therefore merit notifying you of the additional cost prior to beginning such services.

your financial information and prepare the business financial plan. We maintain the option to: (i) require full payment up-front; (ii) require one-half the fee be paid at the time the Agreement is signed, with the remaining balance due upon completion of the business financial plan; or, (iii) require one-half the fee be paid at the time the Agreement is signed, with the remaining balance billed monthly on a progress basis as the work is completed.

Termination of the Business and Corporate Planning Agreement

You have five (5) full business days after entering into a Business and Corporate Planning Agreement ("BCP Agreement") in which to cancel any business planning service and not incur any costs. If the BCP Agreement is terminated after the five (5) day waiting period, you will be entitled to a prorated refund of the prepaid monthly planning fee.

INVESTMENT

management services

We provide investment management services and tailored investment solutions on a non-discretionary basis.

We do not directly manage your account assets. Our investment management services focus on selecting independent third-party money managers ("Portfolio Managers") to manage the designed investment strategy we have developed for you. Once the services have been established, we will monitor the investment performance of the Portfolio Manager to whom the account has been referred.

Our investment services, fee schedule, management requirements, and refund and termination provisions are explained in the following paragraphs.

PORTFOLIO MONITORING SERVICES

Based on your asset allocation guidelines, risk tolerances, and time horizon developed in your Investment Policy Statement, we will select a Portfolio Manager that best matches your investment criteria. The Portfolio Manager, under our direction, will then implement the investment management and asset allocation strategy.

The Portfolio Managers may have little or no direct contact with you, relying instead on our pre-qualification. We will perform any initial qualifying analysis that may be required by the Portfolio Manager including any professional, administrative and clerical duties prior to opening any accounts and any follow up thereafter.

Monitoring Services

Once the account has been established, we will continuously evaluate the performance of the Portfolio Manager based on the asset allocation guidelines, risk tolerances, and time horizon developed in your Investment Policy Statement.

However we understand your life is multiple faceted and over time lifestyle choices will change. Time frames for you are generally finite, goals change over time, and the desire to take risk change; therefore, even though we are not involved in any way with the management of your assets maintained with a Portfolio Manager, we will supervise your portfolio and will make recommendations to you regarding the Portfolio Manager as market factors and your lifestyle choices dictate.

Portfolio Managers Fee Structure

The Portfolio Managers who will be used to manage your account(s) will disclose their fees for management services in their Disclosure Brochure (the Portfolio Manager's ADV Part II and/or Schedule H), which we will provide you prior to opening an account. Such fees that will be charged to your account(s) will include:

1. The Portfolio Manager's management fee;
2. Our monitoring fee (not to exceed 1.00%); and,

3. Trading commissions and/or account charges, depending on if the Portfolio Manager is “wrapping” all the fees, which may be imposed by the custodian or broker/dealer used to custody your account(s).

The Portfolio Manager’s Disclosure Brochure contains all pertinent disclosures relating to their management services and the fee structure for such services – you are encouraged to carefully review these disclosures.

PROTOCOLS FOR INVESTMENT SERVICES

The following protocols establish how we handle our investment services accounts and what you should expect when it comes to: (i) bill for investment management services; (ii) withdrawing funds from your account(s); (iii) other fees charged to your account(s); and, (iv) termination.

Non-Discretionary

We do not have discretionary authority on any of your accounts since we do not directly manage the assets. However, the Portfolio Managers do establish trading authority to execute securities transactions at anytime without your consent or advice.

Billing

We will be compensated by the Portfolio Manager on an ongoing fee basis for qualification and our personal advisory services to you. As each Portfolio Manager has its own fee schedule, full disclosure of fees, refunds and termination provisions will be provided at the time of selection of the Portfolio Manager.

For those Portfolio Managers that wrap their fees with transaction fees generated from securities transactions under a “Wrap Fee” arrangement, we will provide you with a copy of the Portfolio Manager’s Schedule H and/or ADV Part II prior to opening any account(s). The Schedule H and ADV Part II will provide all pertinent disclosures relating to these portfolio managed service accounts.

Fee Exclusions

Our Monitoring Fee and the Management Fees earned by the Portfolio Manager are exclusive of any account charges imposed by the custodian used to custody your account(s) unless account charges have been pre-negotiated under a Wrap Fee arrangement. Custodial firm charges can include: (i) any Exchange/SEC fees; (ii) service or account charges, including, debit balances or postage/handling fees; and/or, (iii) transaction charges by the custodial firm for securities transactions.

In addition, our Monitoring Fee and the Portfolio Manager’s Management Fee are separate from any fees and expenses charged to shareholders of mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: 12b-1 fees and contingent deferred sales charges. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund’s prospectus. You are encouraged to carefully read the fund prospectus.

Deposits and Withdrawals

Assets deposited by you into your management account between billing cycles will not result in additional management fees being billed to you unless such deposits exceed \$25,000. Such deposits of this amount or greater, in most cases, will require modifications and adjustments to your investment allocation. Therefore, a pro-rata fee based upon the number of days remaining in the current quarterly period may be assessed to you for deposits exceeding the above amount.

For assets you withdrawal, we have the option to refund any management fees on a pro-rata basis. Just as with large deposits, withdraws of that amount may require modifications and adjustments to be made in the account to correct the allocation of your assets.

For Deposits and Withdraw procedures for the Portfolio Managers, see their Disclosure Brochure (Form ADV Part II and/or Schedule H) for more information

Termination Provisions for Investment Services

You have five (5) full business days after entering into an Investment Advisory Agreement to change your mind and cancel our investment services and not incur any management fee costs (custodial fees may still apply). In the event that termination occurs after the five (5) day waiting period, you will be entitled to a pro-rated refund of the prepaid quarterly management fee based upon the number of days remaining in the quarter after the termination notice goes into affect.

To terminate investment advisory services, either party (you or us) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received at least 30 days prior to the date of termination. Such notification should include the date the termination will go into affect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity). Once the termination of investment advisory services has been implemented, neither party has any obligation to the other – we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

QUALIFICATIONS

and advisory responsibilities

BUSINESS QUALIFICATIONS

Mr. Jeffrey A. Johnson is responsible for the leadership and direction of the Company, as well as, ensuring the investment activities are being performed to your expectations. Mr. Johnson has over 10 years of professional experience in the areas of insurance and personal finance. His qualifications and experience includes the following:

Mr. Jeffrey A. Johnson

CRD #: 2813334
Year of Birth: 1959

Education:	Florida State University – B.S. Business Florida Life & Fixed Annuity Insurance License NASD Exams: Series 65 & Series 6 (Currently Inactive)
Business:	01/2007 – Present Seven Hills Financial, LLC Position: President & Chief Compliance Officer
	08/1996 – Present American National Insurance Company Position: Insurance Agent
	07/2006 – 01/2007 Valic Financial Advisors Position: Registered Representative
	06/1998 – 06/2006 Securities Management & Research, Inc. Position: Registered Representative

ACCOUNT RESPONSIBILITY

Each account is reviewed on an ongoing basis to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Any adjustments made to your predefined guidelines are dictated by your financial plan, Investment Policy Statement and cash needs will be adjusted as necessary.

You will receive at least quarterly statements from the brokerage firm where your account(s) are custodied. Each statement will summarize the specific investments currently held, the value of your portfolio, and account transactions.

It is highly recommended that your financial plan be reviewed at least annually. Material changes in your lifestyle choices, personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

EDUCATION & BUSINESS STANDARDS

Any Investment Advisory Representatives retained by us will be required to have earned a four-year undergraduate degree or the equivalent and suitable experience in fields directly related to investments and financial planning, as well as the required examinations and qualifications to act as such.

DISCLOSURES

and conflicting interests

CLIENT TRANSACTIONS

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

Participation or Interests

It is against our policies for Mr. Jeffrey A. Johnson, or any future owners, officers, or employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by Mr. Johnson, and such investment is not in violation of any SEC and/or State rules and regulations.

Mr. Johnson is permitted to personally invest his own monies in stocks (OTC and Listed), bonds, investment company products and other publicly traded securities, which may also be, from time to time, recommended to you. Such investment purchases are independent of, and are not connected in any way to, investment decisions made on behalf of the Company's clients. Personal trading activities conducted by our officers, directors and employees are monitored by Mr. Johnson to ensure that such activities do not impact upon your security or create conflicts of interest.

Insider Trading Activities

The Company is in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. The Company does not share any non-public information with anyone who does not need to know.

Code of Ethics

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility to you, the Company has adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim, "Do the right thing!" The Company's Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

Proxy Voting

We are hereby expressly precluded from voting proxies. You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in the managed accounts. Any proxy solicitations received at our place of business will be immediately forwarded to you for your evaluation and decision.

INVESTMENT OR BROKERAGE DISCRETION

Selection of Portfolio Managers

Our initial due diligence has led to the availability of a select group of Portfolio Managers in which you may choose to manage your account(s). We will assist you in determining which Portfolio Manager can provide the most effective investment manager based upon the your objectives as stated in your Investment Policy Statement.

While we have exercised our best efforts evaluating the investment performance and cost of service offered by the Portfolio Managers, we make no representation that the Portfolio Manager in which we refer you has the best investment performance or is the lowest portfolio management costs. In addition, your selection of such Portfolio Managers will be limited to those we have entered into service agreements. Therefore, it is possible that you might be able to contract for similar services elsewhere or separately, with higher performance at lower cost.

ADDITIONAL COMPENSATION

Financial Planning Economic Benefits & Conflicts

You are cautioned to consider your options carefully when Mr. Jeffrey A. Johnson, or any future Investment Advisor Representatives ("RA") of the Company, recommends the purchase of any insurance products. Mr. Johnson is a commissioned insurance agent and there is a potential conflict of interest; the incentive on our part and Mr. Johnson is to recommend only those products in which he will receive a commission. Consequently, the objectivity of the advice rendered to you could be subjective and create a disadvantage.

There are also potential conflicts of interest when Mr. Johnson through the Company suggests the need for outside consultations and coordination (i.e., attorneys) to implement certain aspects of an estate or financial plans. Even though we do not share in any fees earned by the attorneys when implementing an estate or financial plan those entities to which we refer business do. This creates incentive on our part and Mr. Johnson to refer your business to only those entities that in turn refer potential clients to us. This can eliminate the possibility for you to be referred to someone who may provide better services at lower cost.

Therefore, to ensure you understand the full relationship of Mr. Johnson to any related persons and outside parties that Mr. Johnson may refer business, as well as the choices and risks you have in receiving investment and financial planning services, the following disclosures are provided:

DISCLOSURES AND CONFLICTING INTERESTS

- ❖ You may choose any broker-dealer to execute your securities transactions.
- ❖ Investments involve risk and some investment decisions will result in losses. You understand that we cannot guarantee that your investment objectives will be achieved by working with us.
- ❖ You are under no obligation to have any related parties that we recommend prepare planning documents (*i.e.*, estate, insurance, tax, etc...). You are free to choose those entities to implement the recommendations made in the financial or estate plan.
- ❖ If requested by you to implement any insurance recommendations made in the financial plan, Mr. Johnson will execute such transactions through those insurance companies in which he is a licensed insurance agent. In such cases, Mr. Johnson will receive the normal commissions associated with such insurance transactions.
- ❖ Since Mr. Johnson only offers financial products from those insurance companies in which he is appointed, such recommendations made in the financial plan are limited to that pool of products. Therefore, it is possible that you might be able to purchase a similar insurance product elsewhere with better terms and at lower costs.
- ❖ The Company does not receive any economic benefit from referring you to another professional without first notifying you of such possibilities. We act completely in a fiduciary capacity – **your interests are first and foremost.**

Notwithstanding such potential conflicts of interest, we strive to serve your best interest; as well as, ensuring such disclosure is being properly made to you in compliance with the Investment Advisor Act of 1940, Rule 275.206.

Referral Compensation

We may directly compensate persons/firms for client referrals, provided that those persons are qualified and have entered a solicitation agreement with us. Under such arrangements, if you were referred to us, you will be provided full disclosure of the compensation paid to the solicitor and whether such referral will result in higher management fees.

END OF THE DISCLOSURE BROCHURE