

Item 1 – Cover Page



121 West Commercial Street

Broken Arrow, OK 74012

918-806-1030

[www.stepbystepfinancial.org](http://www.stepbystepfinancial.org)

October 8, 2018

This brochure provides information about the qualifications and business practices of Step By Step Financial, LLC. If you have any questions about the contents of this brochure, please contact us at 918-806-1030 or via e-mail at [kjacobson@stepbystepfinancial.org](mailto:kjacobs@stepbystepfinancial.org). 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.

Step By Step Financial, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information with which you determine to hire or retain an adviser.

Additional information about Step By Step Financial, LLC, CRD No. 146345, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

The last update to our brochure was on August 8, 2018. The following is a summary of material changes made to our brochure since the last annual update:

Step By Step Financial, LLC has made updates and amendments to Items 4 and 7, updating the typical client profile, providing clearer explanation of types of services provided, and removing types of service offered to new clients. Item 5 has an updated pricing model and freezing the previous fee structure as of January 1, 2019. Item 10 has been updated with new affiliations.

We will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may provide other ongoing disclosure information about material changes as necessary. We will further provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting Kevin Jacobs, CFP®, EA at 918-806-1030 or [kjacobson@stepbystepfinancial.org](mailto:kjacobs@stepbystepfinancial.org). Our brochure is also available on our web site [www.stepbystepfinancial.org](http://www.stepbystepfinancial.org), free of charge.

Additional information about Step By Step Financial, LLC is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Step By Step Financial, LLC who are registered, or are required to be registered, as investment adviser representatives of Step By Step Financial, LLC. You may find additional information regarding Step By Step Financial, LLC's registration with the state of Oklahoma by visiting <http://www.securities.ok.gov/Firms-profs/DatabaseSearch.asp>.

**Item 3 – Table of Contents**

Item 1 – Cover Page ..... i

Item 2 – Material Changes ..... ii

Item 3 – Table of Contents ..... iii

Item 4 – Advisory Business ..... 1

Item 5 – Fees and Compensation ..... 2

Item 6 – Performance-Based Fees and Side-By-Side Management ..... 3

Item 7 – Types of Clients ..... 3

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss ..... 4

Item 9 – Disciplinary Information ..... 4

Item 10 – Other Financial Industry Activities and Affiliations ..... 4-5

Item 11 – Code of Ethics ..... 5-6

Item 12 – Brokerage Practices ..... 6-7

Item 13 – Review of Accounts ..... 7

Item 14 – *Client* Referrals and Other Compensation ..... 7-8

Item 15 – Custody ..... 8

Item 16 – Investment Discretion ..... 8

Item 17 – Voting *Client* Securities ..... 8

Item 18 – Financial Information ..... 8-9

Item 19 – Requirements for State-Registered Advisers ..... 9

Brochure Supplement(s) ..... Form ADV Part 2B-1

## **Item 4 – Advisory Business**

Step By Step Financial, LLC (“Adviser” or “SBS”) is a fee-only holistic financial planning firm that specializes in providing comprehensive financial planning and investment advisory services to families with college-bound students and couples approaching retirement. “SBS” is owned and operated by Kevin F Jacobs, CFP®, EA, who established Step By Step Financial, LLC in December 2007. The Adviser offers a range of financial services. Specifically, “SBS” distinguishes itself from traditional investment advisory firms by providing services to meet the clients’ college funding needs, as well as tax planning and investment review, estate planning, risk management, retirement planning, investment management, and business development needs.

“SBS” offers investment management services through several custodians, named in Item 10 below. These services are offered on a non-discretionary basis. Non-discretionary authority requires the Adviser to obtain Client’s prior approval for each specific transaction prior to executing investment recommendations, as well as for the selection and retention of sub-advisers to the account. Adviser will act in accordance with a Client’s objectives, needs and risk assessment, regardless of whether authority is discretionary or non-discretionary. Adviser will only execute transactions for Clients when specifically requested and authorized by Client (via a fully executed limited power of attorney “LPOA”). As of October 6, 2018, Adviser manages \$20,100,000 of non-discretionary asset under management with 52 households and 5 pension providers attributable to that amount.

Adviser and Client will enter into an agreement which details the scope of the relationship and responsibilities of both Adviser and Client. Advice and services provided under the agreement are tailored to the stated objectives of the Client(s).

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.

### **Step By Step Financial, LLC provides the following types of services:**

#### **1. Financial Review Agreement**

Our Financial Review consists of two meetings that typically last around 90 minutes, during which time we will provide advice and answer specific questions about aspects of the client’s situation. Financial Reviews are topical, most often a College Funding Financial Review, or a Retirement Planning Financial Review.

#### **2. Ongoing Financial Planning Agreement**

The Ongoing Financial Planning Agreement begins with a review of the client’s current financial situation. We then incorporate various elements needed to develop a realistic plan to help clients meet their goals for the future. Finally, we execute that plan and provide support as needed. Clients will typically meet with Step By Step Financial multiple times per year--in-person or virtually.

Ongoing Financial Planning clients benefit from a systematic process that evaluates key aspects of their financial life, including investments, insurance, tax planning, portfolio analysis, college funding, retirement and estate planning.

## Item 5 – Fees and Compensation

The specific manner in which fees are charged by Step By Step Financial, LLC is established in a Client’s written agreement with “SBS.” A summary of how the fees are calculated for the different service options is below:

### 1. Financial Review Agreement

The fee for a Financial Review is \$750. Half of the payment is due at the signing of the Financial Review and the other half is due at the completion of the Financial Review.

### 2. Ongoing Financial Planning Agreement

Client investment asset value is calculated using the client’s entire portfolio, not just the investment assets managed by Step By Step Financial.

<u>Investment Assets Between:</u>	<u>Fee:</u>
\$0-\$500,000.....	\$250 per month
\$500,001-\$1,000,000.....	\$500 per month
\$1,000,001-\$1,500,000.....	\$750 per month
\$1,500,001+.....	\$1,000 per month (maximum)

1. Payment Methods
  - a. The Client can pay via check, credit/debit card, or ACH. Alternatively, the client may choose to have their monthly payments deducted from their brokerage accounts.
2. Fee Billing
  - a. The fee is billed monthly.
3. Compensation of the Adviser
  - a. Step By Step Financial, LLC is a fee-only financial advisory firm and does not sell investment or insurance products. Unless specifically requested by Client (with such request accepted by Adviser), Adviser does not execute recommendations on behalf of Clients. Clients are responsible, but under no obligation, to implement any recommendations made by Adviser.
4. Third-Party Fees
  - a. In addition to Adviser’s fee, Clients may incur certain other fees and charges to implement Adviser’s recommendations. Additional charges and fees will be imposed by custodians, brokers, third party investment and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to the Adviser’s fee.
5. Negotiation of Fees
  - a. Fees may be negotiated, as determined by the Adviser, based upon individual Client needs and circumstances.
  - b. It is the exception, not the rule, that fees are negotiated.
6. Termination of Agreement and Remaining Fees due Client or Adviser
  - a. Financial Review Agreements

- i. Financial Review Agreements shall automatically terminate on the term ending date specified in the Agreement.
  - ii. The Client may terminate without penalty the Financial Review Agreement by providing written notice within five days of signing the Agreement.
  - iii. Additionally, either party may terminate the Agreement at any time by providing written notice. If the Client terminates after the five day cancellation period, the initial payment is non-refundable. If the Adviser terminates after the five day cancellation period, the initial payment will be refunded.
- b. Ongoing Financial Planning Agreements
- i. Ongoing Financial Planning Agreements shall automatically renew on a monthly basis, on the date specified in the Agreement.
  - ii. The Client may terminate the Ongoing Financial Planning Agreement without penalty by providing written notice within ten days of signing the Agreement.
  - iii. If the Client terminates after the ten day cancellation period, but within the first month, all Ongoing Financial Planning fees paid to that point are non-refundable. If the Adviser terminates after the ten day cancellation period, but within the first month, all Ongoing Financial Planning fees paid to that point will be refunded.
  - iv. After the first month, if either Client or Adviser terminates the Agreement, the following terms will apply:
    1. If termination occurs on the 1<sup>st</sup>-15<sup>th</sup> days of the month, then the final monthly fee will be 50% of the usual monthly fee and any excess pre-paid fee will be returned to the Client.
    2. If termination occurs on the 16<sup>th</sup>-31<sup>st</sup> days of the month, then the final monthly fee will be 100% of the usual fee and no refund will be issued to the Client.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Step By Step Financial, LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client).

#### **Item 7 – Types of Clients**

“SBS” provides holistic financial planning and investment advisory services primarily to families seeking college funding advice and couples approaching retirement. “SBS” does not have a minimum asset value requirement.

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

In determining investment recommendations, the Adviser will utilize public information obtained through Morningstar as well as other public research. Moreover, Step By Step Financial, LLC approaches investment portfolio analysis and implementation based on internal factors such as a Client's tax situation, overall risk tolerance, current financial situation, and personal goals and aspirations. After identifying these items, the portfolio will be structured around individual needs, while minimizing negative effects of external factors, such as interest rates, market performance, and the economy as a whole.

In general, "SBS" recommends no-load or "waived load" mutual funds (i.e., mutual funds that have no sales fees), U.S. government securities, money market accounts, certificates of deposit, exchange traded funds (ETF) and individual bonds (corporate, agency and municipal) and bond funds. However, in the course of providing investment advice, the Adviser may address issues related to other types of assets that the Client already owns. Any other products that may be deemed appropriate for the Client will be discussed, based upon the Client's goals, needs and objectives.

Any investing in securities involves risk of loss that Clients should be prepared to bear. While Adviser will use its best judgment and good faith efforts in rendering services to Client, not every investment decision or recommendation made by Adviser will be profitable. "SBS" cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Client assumes all market risk involved and understands that investment decisions are subject to various market, currency, economic, political and business risks.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's evaluation of Step By Step Financial, LLC or the integrity of the Adviser's management. Step By Step Financial, LLC has no information applicable to this item.

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

Adviser is a member of the National Association of Personal Financial Advisors (NAPFA), which requires that its members are fee-only and obtain a minimum of 60 continuing education credits every two years. More information can be found at [www.napfa.org](http://www.napfa.org).

Adviser is also a member of the Alliance of Comprehensive Planners. More information can be found at [www.acplanners.org](http://www.acplanners.org).

Adviser is a member of XY Planning Network, information for which can be found on [xyplanningnetwork.com](http://xyplanningnetwork.com).

Adviser is a member of the Dave Ramsey SmartVestor program. More information can be found [daveramsey.com/smartvestor](http://daveramsey.com/smartvestor).

"SBS" has a relationship with Shareholder Service Group, through Pershing LLC, Betterment Securities, and Charles Schwab to offer custodial services to the Adviser's Clients. "SBS" does not receive any additional compensation when offering their services to Adviser's Clients. On occasion, SBS will use

various research tools offered by these custodians to use in recommending securities to Clients.

In the course of business, Step By Step Financial, LLC recommends other professionals in the financial service industry. Some of these professionals include:

**Third-Party Investment Managers**

- Asset Dedication. 220 Montgomery Street Suite 450 San Francisco, CA 94104
- Charles Schwab Institutional Services. 866-855-9102
- Shareholder Service Group. 9845 Erma Rd #312, San Diego, CA 92131.
- Betterment Institutional. 888-428-9482

**Insurance Providers\***

- Low Load Insurance Service. 2907 W. Bay to Bay Blvd. Suite 102. Tampa, FL 33629
- MAGA Limited. 2610 Lake Cook Road, Suite 250, Riverwoods, IL 60015

*\*“SBS” and its employees do not receive any compensation from and does not participate in any commission-sharing arrangements with these companies. The Client is not obligated to place their insurance business with any of these companies or agents.*

**Item 11 – Code of Ethics**

Step By Step Financial, LLC seeks to avoid material conflicts of interest. Accordingly, the Adviser, its investment adviser representatives and its team members do not receive any third party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from brokerage firms (custodians) or mutual fund companies.

However, some additional services and non-direct monetary or other forms of compensation may be offered and provided to “SBS” as a result of its relationships with custodian(s) and/or providers of mutual fund products. For example, “SBS” representatives and employees may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. “SBS” believes that the services and benefits provided to it by brokerage firms (custodians) and mutual fund providers do not materially affect the investment management recommendations made to Clients. However, in the interest of full disclosure of any potential conflicts of interest, discussion will occur regarding the possible conflicts herein.

Although “SBS” believes that its business methodologies, ethics rules, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to appropriately manage any material conflicts of interest that may remain, Clients should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest. In any event, “SBS” will disclose to advisory Clients any material conflict of interest relating to “SBS”, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

**Our Code of Ethics**

“SBS” has adopted a Code of Ethics, to which all investment adviser representatives and employees are bound to adhere. The Code of Ethics states:

Step By Step Financial, LLC and its investment adviser representatives and employees shall always:

- As a fiduciary, act in the best interests of each and every Client;
- Act with integrity and dignity when dealing with Clients, Prospects, and others;
- Strive to maintain and continually enhance our high degree of professional education regarding all aspects of personal financial planning;
- Seek at all times to preserve our firm's independence and to maintain our complete objectivity with respect to our advisory services and each recommendation made to our Clients; and
- Protect the confidentiality of client's personal information as described in the Adviser's privacy policy.

### **Participation or Interest in Client Transactions and Personal Trading**

“SBS” does not currently participate in securities in which it has a material financial interest. “SBS” and its related persons, as a matter of policy, do not recommend to Clients, or buy or sell for Client accounts, securities in which the firm or its related persons has a material financial interest.

Adviser or individuals associated with Adviser may buy and sell some of the same securities for its own account that Adviser buys and sells for its Clients. When appropriate the Adviser will purchase or sell securities for Clients before purchasing or selling the same securities for Adviser's own account. In some cases Adviser may buy or sell securities for its own account for reasons not related to the strategies adopted by the Adviser's Clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with making decisions in the best interest of advisory clients while at the same time, allowing employees to invest for their own accounts.

Certain classes of securities, such as open-ended mutual funds, are designated as exempt transactions, meaning employees may trade these without prior permission because such trades would not materially interfere with the best interest of Adviser's Clients. Nonetheless, because the Code of Ethics permits employees to invest in the same securities as Clients, there is a possibility that employees might somehow benefit from the market activity of a Client. Accordingly, when applicable, employee trading is monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between “SBS” and its Clients.

Adviser will disclose to advisory Clients any material conflict of interest relating to “SBS”, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice. “SBS” will notify Clients in advance of its policies in respect to officers trading for their own account including the potential conflict of interest that arises when recommending securities to Clients in which Adviser or its principal holds a position.

### **Item 12 – Brokerage Practices**

Adviser may use its discretion when recommending a broker-dealer. Client is not obligated to effect transactions through any broker-dealer recommended by Adviser. When recommending a broker-dealer the Adviser will comply with its fiduciary duty to obtain best execution and with the Securities Exchange Act of 1934, and will take into account such relevant factors as:

- Price;
- The broker-dealer's facilities, reliability and financial responsibility;
- The ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such broker or dealer to the Adviser,

notwithstanding that the account may not be the direct or exclusive beneficiary of such services;  
and

- Any other factors the Adviser considers to be relevant.

Step By Step Financial, LLC has listed its third-party independent custodians, in Item 10. Regarding our relationships with our brokers and custodians, “SBS” is not affiliated with any brokerage or custodial firm. The brokerage or custodial firms do not supervise the Advisor, its agents or activities.

From time to time, the Adviser will receive free investment research software from its custodians. Moreover, the Adviser does associate and visit with representatives of its custodians at industry conferences. The Adviser does not receive any compensation or commission from its custodians to have a certain amount of Client accounts established on their platform. The only compensation the Adviser will receive is from the above-mentioned fee structure in Item 5. There could be minimal account or transaction fees associated with the Client's assets being housed at its custodians. These fees are between the custodian and the Client and will be deducted from the Client's account accordingly. The Adviser does not receive compensation from these fees.

### **Item 13 – Review of Accounts**

Ongoing Financial Planning Client account reviews are offered to the Client on at least a quarterly basis. Special Client situations or market conditions may also trigger reviews. Triggering factors may include significant changes in Client's financial condition, changes in the fundamentals of the companies or entities issuing securities, price fluctuations and significant economic or industry developments.

Reviews are holistic, covering key aspects of the client's financial situation for which the Adviser is providing financial consulting services. Kevin F. Jacobs, CFP®, EA is responsible for regularly reviewing and reassessing financial recommendations made to Clients. Clients can view the Supplemental Brochure (Form ADV Part2B) for Kevin F. Jacobs, CFP®, EA in Item 19 of this document. Financial planning Clients receive financial plan recommendations periodically during the term of their engagement of Adviser.

If a Client maintains any brokerage account(s), the custodian will provide a statement at least quarterly which includes a list of all assets held in the account, asset values, and all transactions affecting the account assets, including any additions or withdrawals.

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

Step By Step Financial, LLC is a fee-only financial planning firm and does not sell insurance or investment products, nor does it accept commissions as a result of any product recommendations. The Adviser does not pay referral or finder's fees, nor does it accept such fees from other firms. As an Enrolled Agent (EA), Kevin Jacobs offers tax preparation services for both individuals and businesses.

1. Tax Preparation for Individuals and Businesses
  - a. This service type is not offered to new clients.
  - b. The Advisor receives compensation from tax preparation for some clients whose services commenced prior to October 8, 2018.
2. 401k Investment Advisory Services Offered through Benefit Guard
  - a. This service type is not offered to new clients.

- b. The Adviser receives compensation from a 401k Plan offered through Benefit Guard. The compensation the Adviser receives is an asset under management fee of between 0.1%-0.5%.
3. Investment Management
- a. This service type is not offered to new clients.
  - b. This service does not include comprehensive financial planning. Investment management services are limited to portfolio management and investment recommendations only.
  - c. For individuals whose services commenced prior to October 8, 2018 and are not participating in an Ongoing Financial Planning Agreement, Investment Management fees range from .5% to 1.0% of the annual account balance under management, to be paid quarterly, at the end of each calendar quarter, and deducted directly from the Client's account.

### **Item 15 – Custody**

Adviser does not have custody over Client funds and securities; although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (Investment Management Clients only). Accordingly, Adviser shall have no liability to the Client for any loss or other harm to any property in the account.

Clients will receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. "SBS" urges all Clients to carefully review such statements and compare such official custodial records to any statements that may be provided by the Adviser. Adviser may also provide Clients with periodic reports on Client's account. These reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

"SBS" is not affiliated with the custodian. The custodian does not supervise the advisor, its agents or activities.

### **Item 16 – Investment Discretion**

Non-discretionary authority requires the Adviser to obtain Client's prior approval of each specific transaction prior to executing investment recommendations, as well as for the selection and retention of sub-advisers to the account. Adviser will act in accordance with a Client's objectives, needs and risk assessment, regardless. Adviser will only execute transactions for Clients when specifically requested and authorized by Client in writing (via a fully executed limited power of attorney "LPOA").

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Step By Step Financial, LLC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. The Adviser may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

Registered investment Advisers are required to provide Clients with certain financial information or disclosures about their financial condition. "SBS" has no financial commitment that impairs its ability to

meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

**Item 19 – Requirements for State-Registered Advisers**

- A The principal executive officer and management person of “SBS” is Kevin F. Jacobs, CFP®, EA. As of October 8, 2018, the firm has two employees. Mr. Jacobs is the sole performer of investment advisory services on behalf of SBS for its Clients. Mr. Jacobs is also responsible for the day to day management and operations of the firm. Mr. Jacobs’ education and business background are separately detailed in the attached Part 2B, Item 2.
- B Mr. Jacobs is not actively engaged in any outside business activities.
- C Mr. Jacobs does not receive any performance-based fees.
- D Mr. Jacobs has not been involved in any arbitration claims or civil, regulatory, or administrative proceedings.
- E Neither Mr. Jacobs nor SBS has any relationship or arrangement with any issuer of securities.

## Item 1 – Cover Page

This brochure supplement provides information about Kevin F. Jacobs, CFP®, EA that supplements the Step By Step Financial, LLC Brochure (Form ADV Part 2A). You should have received a copy of that Brochure. Please contact Kevin F. Jacobs at 918-806-1030 or via e-mail at [kjacobs@stepbystepfinancial.org](mailto:kjacobs@stepbystepfinancial.org) if you did not receive a copy, or if you have any questions about the content of this Supplement.

Additional information about Kevin F. Jacobs, CFP®, EA, Individual CRD No. 5034037, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



KEVIN F. JACOBS, CFP®, EA

121 West Commercial Street

Broken Arrow, OK 74012

918-806-1030

[www.stepbystepfinancial.org](http://www.stepbystepfinancial.org)

October 8, 2018



include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

## **ENROLLED AGENT (EA)**

An Enrolled Agent (EA) is a federally-authorized tax practitioner who has technical expertise in the field of taxation and who is empowered by the U.S. Department of the Treasury to represent taxpayers before all administrative levels of the Internal Revenue Service for audits, collections, and appeals. “Enrolled” means to be licensed to practice by the federal government, and “Agent” means authorized to appear in the place of the taxpayer at the IRS. Only Enrolled Agents, attorneys, and CPAs may represent any taxpayer before the IRS. The Enrolled Agent profession dates back to 1884 when, after questionable claims had been presented for Civil War losses, Congress acted to regulate persons who represented citizens in their dealings with the U.S. Treasury Department. The license is earned in one of two ways: by passing a comprehensive examination which covers all aspects of the tax code, or having worked at the IRS for five years in a position which regularly interpreted and applied the tax code and its regulations. All candidates are subjected to a rigorous background check conducted by the IRS.

In addition to the stringent testing and application process, the IRS requires Enrolled Agents to complete 72 hours of continuing professional education, reported every three years, to maintain their Enrolled Agent status. Because of the knowledge necessary to become an Enrolled Agent

and the requirements to maintain the license, there are only about 46,000 practicing Enrolled Agents. Unlike attorneys and CPAs, who may or may not choose to specialize in taxes, all Enrolled Agents specialize in taxation. Enrolled Agents receive their right to practice from the U.S. government (CPAs and attorneys are licensed by the states). Enrolled Agents are required to abide by the provisions of the Department of Treasury's Circular 230, which provides the regulations governing the practice of Enrolled Agents before the IRS.

### **NAPFA (National Association of Personal Financial Advisors) Registered Financial Advisor**

As stated on the NAPFA website:

“Individuals in the financial planning industry join NAPFA to enhance their skills, market their services and be a part of a collective, influential voice on matters that impact consumers and the profession. Professionals who become NAPFA-Registered Financial Advisors are committed to the three primary ideals of NAPFA: 1) The belief that clients are best served by a comprehensive approach to financial planning. 2) The highest levels of competency must be achieved and maintained. 3) Fee-Only compensation and a fiduciary relationship are vital to placing the interests of the client above all others.”

### **Alliance of Comprehensive Planners (ACP) Member**

As stated on the ACP website:

“The Alliance of Comprehensive Planners, a not-for-profit association of over 150 Certified Financial Planner and Personal Financial Specialist professionals, is a recognized leader within the financial planning world. They offer the training and communal support for advisors to establish and grow thriving, independent financial planning practices with resources equivalent to that of much larger organizations. As fee-only advisors, ACP planners abide by the highest fiduciary standards and act in their clients' best interests.”

### **XY Planning Network (XYPN) Member**

As stated on the XYPN website:

“XY Planning Network is the leading organization of fee-only financial advisors who specialize in helping members of Gen X and Gen Y. Our advisors stand out from the rest of the financial planning industry because of the way they put their clients first.”

### **State of Oklahoma Insurance License (Life and Health)**

#### **Item 3 – Disciplinary Information**

Mr. Jacobs has no disciplinary history.

#### **Item 4 – Other Business Activities**

##### **A Investment-Related Activities**

Mr. Jacobs is not engaged in any other investment-related activities.

Mr. Jacobs does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

##### **B Non-Investment Related Activities**

Mr. Jacobs is not engaged in any other non-investment related activities.

**Item 5 – Additional Compensation**

Mr. Jacobs does not receive additional compensation or economic benefit for providing advisory services.

**Item 6 – Supervision**

Mr. Jacobs is primarily responsible for all services and advice provided to Clients of “SBS,” and prepares all investment policies, forms and procedures for working with Clients and for managing the Firm.

**Item 7 – Requirements for State-Registered Advisers**

- A Mr. Jacobs has never been subject to arbitration claim or any other proceedings (civil, self-regulatory organization or administrative) related to investments, fraud, theft, bribery or dishonest, unfair or unethical practices.
  
- B Mr. Jacobs has never been the subject of a bankruptcy petition.