

# ***Matson Financial Advisors, Inc***

## Investment Adviser Disclosure Brochure

This disclosure brochure updated February 15, 2021 provides clients and prospects with information about the qualifications and business practices of Matson Financial Advisors, Inc. The office is located at 4 Mountainview Terrace, Suite 104 in Danbury, CT 06810.

If you have questions about the content of this brochure you may contact the firm through our website [www.matsonfinancialadvisors.com](http://www.matsonfinancialadvisors.com) or contact Michael Matson, President of Matson Financial Advisors, Inc. at (203) 743-0131.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Additional information about Matson Financial Advisors, Inc. is available on the Internet at [www.adviserinfo.sec.gov/IARD/](http://www.adviserinfo.sec.gov/IARD/). You can search this site by a unique identifying number known as a CRD number. The CRD number for Matson Financial Advisors, Inc. is 122480.

## 2. Material Changes

Any material changes to this document will be noted in this section after our original filing to keep you informed of any new or updated information. We will ensure that a summary of material changes to this and subsequent Brochures will be sent to you within 120 days of the close of our fiscal year (currently 12/31) without charge.

### June 29, 2020 Material Changes Noted:

Item 4 – Expanded description of Advisory Business including details on Financial Planning and how services tailored for each client.

Item 5 – Provide clarification of how fee determined and enhanced the description where conflicts of interest exist.

Item 8 – Added details on risk with methods of analysis.

Item 11 – Provided more examples of potential conflicts of interest with personal trading and participation in client transactions.

Item 12 – More detailed explanation of Brokerage Practices including brokerage for client referrals, directed brokerage and soft dollar benefits.

### December 31, 2020 Material Changes Noted:

Item 1 – the Litchfield CT secondary office location was closed.

Item 10 – David T. Wilson information was removed.

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## 4. Advisory Business

### A. Our Firm and Mission

Michael Matson is President and founder of Matson Financial Advisors, Inc., (hereinafter referred to as MFA). The firm was established in 1994. MFA is an independent investment advisory firm registered with the United States Securities and Exchange Commission (SEC). This registration with the SEC does not imply a certain level of skill or training.

- B. Since its inception, MFA has provided Planning/Wealth Management services by combining financial planning and investment advice for individuals, families, not-for-profit organizations and business entities. At MFA, our experienced Investment Adviser Representatives (IARs) use two elements of effective wealth management – financial planning and investment management – to help clients work towards achieving financial control.

### Financial Planning

We embrace the financial planning process of engaging clients in dialogue to help determine their current and future financial needs. We work side-by-side with client to bring together the different parts of a client's financial life to build a roadmap for the future. Our financial planning typically explores the following key topics:

Financial Planning Basics - Mastering financial, economic and cash flow and debt management concepts.

Investment Planning - Building a portfolio, including explanation of different investment vehicles, diversification and risk management.

Retirement Income Planning - Performing retirement needs analyses, evaluating retirement plans, and understanding Social Security, Medicare and taxation of distributions during retirement.

Tax and Estate Planning - Understanding laws and obligations for taxes, property transfer and estate planning including wills, trusts and power of attorney documents.

Insurance Planning - Evaluating potential risk and assessing different types of insurance, from healthcare to property to disability.

Education Planning - Preparing to save and pay for higher education.

### Investment Management

We humbly acknowledge we are not successful stock day traders or market timers. Our firm works best with individuals and families with a long-term perspective and plan to remain invested through all market cycles. We work with you to design diversified investment portfolios. Many of our clients seek an allocation that will participate nicely when markets do well, yet play defense to protect when markets experience a temporary downturn.

We execute investment recommendations and specific transactions in accordance with client investment objectives

We offer a variety of investments including stocks, bonds and other fixed-income investments, mutual funds, exchange-traded funds, and annuities.

We do not offer proprietary products.

Other firms may offer investment products that we do not.

Planning/Wealth Management Services - may include, as applicable, all or some combination of the following services:

Online financial planning and investment account access offering updated consolidated financial plan, investment, banking and insurance values with secure online access.

Determine methodology and outline all sources of income to provide a predictable stream of inflation-adjusted income over time.

Annual review meeting with IAR to update goals, progress being made toward achieving goals, adequacy and sources of current income and overview of financial well-being. Agenda items include status of beneficiary designations, update on insurance coverage/risk management, suggested changes to current strategy and a request for feedback on our working relationship.

Semi-Annual planning discussions with IAR and other professional staff to update goals, progress being made toward achieving goals and overview of financial well-being. Special focus will be an interactive discussion on highlights of current economic trends and market events.

Year-end tax planning discussion to identify potential tax-advantaged adjustments prior to calendar year-end. Our office will strive to maintain current cost basis data for all non-qualified positions.

Coordinate planning efforts with other professional IARs, including insurance, legal and tax experts, including strategies for philanthropy, planned giving and multigenerational planning.

Consultation regarding clients' estate planning objectives and defining their Legacy.

Implement and maintain a customized Investment Policy Statement based on client objectives to be used in recommending appropriate asset allocation strategy.

Recommend a diversified investment allocation consistent with Investment Policy Statement. Allocation recommendations would take into account any "outside" assets, i.e. 401k, trusts, stock options, bank accounts, etc.

Coordinate and establish appropriate accounts and any paperwork required to complete related asset transfers.

Assist clients with determining annual required minimum distributions (RMD) from qualified assets.

Recommendations, as requested, regarding investment options available in the client's company sponsored retirement plan.

Preparation of quarterly or semi-annual Client Asset Allocation Summary Reports that provide client with specific account holdings, asset allocation breakdown and current market value of client positions for monitoring of portfolio strategy and allocation.

Evaluate specific portfolio holdings/investment managers quarterly.

Online client access to investment portfolio held with custodian (Pershing, LLC) or mutual fund vendor through secure website.

Telephone consultations as needed by client.

C. Our process for tailoring recommendations

IAR's will gather client information through an in-depth personal interview. During this interview, IAR will listen to client's concerns and goals. They will discuss financial objectives; gather asset, liability and cash flow data; and determine the adequacy of the client's insurance protection. In addition, related financial, employment, legal and insurance documents supplied by the client are also reviewed. Based on this information shared in meetings and additional data provided by client, IAR may prepare a written comprehensive wealth management strategy that encompasses specific planning, investment and/or insurance solutions to achieve the client's stated goals.

During this dialogue, the client can inform IAR of any specific investment management requests regarding specific holdings to consider/avoid. As an example, this may include preferences for ESG/SRI friendly investment filters or preference for tax free income which would be considered when developing recommended investment allocation.

D. MFA does not participate in wrap fee program.

E. MFA assists clients with investment selection on a non-discretionary basis. As of February 2021, regulatory assets under management were **\$324,730,075**.

## 5. Fees and Compensation

Believing that clients should know the fee for services in advance, MFA works with client to determine the ongoing planning/wealth management fee based on the types and level of services actually provided rather than aligning the fee specifically to the value of client assets or net worth. MFA provides financial planning and investment advisory "deliverables" which assist in determining the scope of work required by client. With guidance from client, the firm and IAR gains a clear understanding of servicing responsibilities and is committed to working with client to help stay on track to achieving their stated objectives. The ongoing planning/wealth management relationship is broader and deeper than just making investment recommendations and handling trade transactions.

#### A. Fees and Compensation

1. Financial planning is a critical process to work through with a Certified Financial Planner® to gain insight into the client's full financial picture. As fiduciary advisors, we believe competent and informed investment decisions must take into account many factors that comprise an investor's full financial profile, including tax, estate planning, insurance, prior experiences, time horizon, specific family circumstances and ultimate financial goals. A financial plan built holistically provides an all-purpose tool that enables planner and client, working together, to make better financial decisions because each individual decision is made within the context of the full picture. The comprehensive financial planning fee covers the initial meeting, the face-to-face or virtual meeting to review the results of the plan and a 6-month time-frame to allow for one follow-up review discussion.

The comprehensive planning fee is based on scope of work and ranges from \$2,500 - \$8,500 and is agreed upon prior to engagement.

2. Fees for ongoing planning/wealth management planning services will be charged as a fixed dollar fee. This fixed annual planning/wealth management fee will typically range from \$2,500 to \$30,000 annually, depending on the particular services selected and on the nature and complexity of each client's circumstances. Selection of services is assessed through dialog with client to determine scope of services required.

There is a minimum annual fee of \$2,500 for ongoing financial planning/wealth management services. Fee is subject to annual review and potential 3-5% increase. Client will be advised in advance of any change in fee.

3. We offer ad hoc advisory services that are generally one-time financial planning or consultative engagements for a flat dollar fee. This flat fee is disclosed up-front and is based on the estimated time required to complete work and complexity of the planning deliverables requested by client. Examples of ad hoc planning would include goal funding analysis, assistance with estate planning/probate process, asset allocation review, plan for exercising employer issued options or restricted stock units, and review of personal or business insurance.

This fee will generally range from \$750 to \$5,000, would be disclosed in writing prior to engagement and payable once planning work is completed.

4. IAR and Associated Person Compensation

IAR's receive compensation based on revenue generated from the client accounts serviced directly. Compensation is not directly related to the amount of client assets overseen, products sold, sales commissions or complexity of client planning needs.

Other Associated persons of the firm are compensated by salary and bonus.

- B. Adviser will invoice client on a quarterly, semi-annual or annual basis in arrears. Generally, this fixed planning fee will be deducted directly from client assets held at custodian; however, there may be specialty situations as requested by client where client will be invoiced for advisory fees incurred.

The firm has provided certain advisory services to select legacy clients on a percentage of assets under management/supervision compensation basis. Generally, the fee ranges between .20% - 1.25% of assets. This method of compensation is at the discretion of the IAR. Generally, this percent of assets advisory fee will be invoiced in arrears and deducted directly from client assets held at custodian; however, there may be specialty situations as requested by client where client will be invoiced for advisory fees incurred.

C. Fees and Costs paid by client

All fees paid to MFA for planning/wealth management services are separate and distinct from the fees and expenses charged by mutual funds, annuities and/or exchange traded funds (ETF) to shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee and other fund expenses such as a distribution fee (12b-1).

A client can invest in a stock, mutual fund or ETF directly without the services of MFA.

Accordingly, the client should review both the fees charged by their fund investments and the advisory fees charged by MFA to fully understand the total amount of fees they are paying.

Trading Costs

All fees paid to MFA for Planning/Wealth Management services are separate and distinct from trading and transaction fees charged by broker dealers associated with the purchase and/or sale of equity securities, fixed income securities and mutual funds. Client will be solely responsible for all trade commissions and other transaction charges. A current fee schedule for trading through custodian is available upon request.

Costs for Custody and Other

Client is responsible for charges related to the custody of securities in accounts managed by IAR. This may include account service fees, asset movement fees, account transfer fees, checking fees and optional services selected by client. In addition, the fees for advisory services or financial planning services do not include the professional services of any co-fiduciaries, accountants or attorneys.

Any fee or expense that increases your total costs will reduce the value of your investment over time.

D. Termination of Advisory Relationship

A client agreement may be canceled at any time by either party for any reason upon prior written notice. The client and IAR has the right to terminate an agreement without penalty at any time. Upon termination, it is client's responsibility to monitor the securities in accounts previously managed by

Adviser, and Adviser will have no further obligation to act or advise with respect to those assets.

Since all advisory fees are invoiced in arrears, there would be no refund required since there is no expected prepayment for services.

E. In certain circumstances an IAR may receive compensation for the sale of securities or other investment products, including asset-based sales charges, distribution fees or service fees from mutual funds. As an example, this may occur when clients transition existing accounts held in custody with another broker or advisory firm and holdings within the transferring accounts hold assets with asset-based sales charges or distribution fees.

1. Receiving compensation in the form of asset-based sales charges or service fees presents a conflict of interest as this may incentivize IAR to recommend investment products based on the compensation received rather than on a client's needs. This conflict is avoided by recommending institutional share classes, where available, and stocks, bonds and Exchange Traded Products/Funds (ETF) that do not pay asset-based commissions or service fees. When determining with client the ongoing annual planning/wealth management fee, this fee is determined with an understanding and consideration of any potential future compensation that may be paid to IAR over time. The discussion with client regarding agreed upon ongoing planning/wealth management fee will also include a verbal disclosure of potential conflicts of interest when compensation in the form of asset-based sales charges or service fees may be paid along with suggested timeline on when holdings in accounts may be exchanged/traded to eliminate future compensation which presents a conflict of interest.
2. A client can invest (purchase investment products recommended) in a mutual fund, equity, bond or ETF directly without the services of MFA using brokers or agents not affiliated with firm.
3. Commissions and other compensation for the sale of investment products recommended to clients, including asset-based distribution fees from the sale of mutual funds represents less than 50% of revenue from advisory clients,
4. Ongoing planning/wealth management invoices will not be offset by future asset-based commission or markups.

## **6. Performance-Based Fees**

No fee is charged on the basis of a share of capital gains on or capital appreciation of the funds or any portion of the funds of an advisory client. As no accounts are charged a performance-based fee, there is no Side-by-Side Management conflict. (Section 205(a) (1) of the Advisers Act).

## 7. **Types of Clients**

MFA provides financial planning/wealth management services by combining financial planning and investment management for:

Individuals	Trusts
Not-for-profit organizations	Retirement Plans

We do require an account/relationship minimum fee in order to open/maintain an account or establish a relationship.

The comprehensive financial planning fee is based on scope of work and ranges from \$2,500 - \$8,500 and is agreed upon prior to engagement.

There is a minimum annual fee of \$2,500 for ongoing financial planning/wealth management services.

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

A. All clients must recognize there may be loss or depreciation of the value of any investment due to the fluctuation of market values. Client represents that no party to this Disclosure Brochure has made any guarantee, either oral or written, that client's investment objectives will be achieved. IAR shall not be liable for any error in judgment and/or for any investment losses in accounts managed by IAR in the absence of malfeasance, negligence, or violation of applicable law.

B. IAR may use, without limitation, any of the following methods of analysis, sources of information and investment strategies: fundamental and technical analysis; financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses and press releases. Advisory representatives may also utilize different investment strategies, based upon the needs of the client, which include long-term and short-term purchases.

RISK – The research data IAR accesses could be inaccurate.

Our portfolio management process emphasizes the significance of the relationship between the personal goals of our clients, asset allocation and trends in capital market expectations when developing customized, investment management strategies.

RISK – Unforeseen Black Swan events such as terror attack 9/11/2001, pandemics, cyber-attack, etc. would impact our capital market expectations.

Identify Client Objectives - Clearly defining the short- and long-term goals of our clients remains the single most important step in our process.

RISK- Helping clients define goals could be jeopardized if client does not fully disclose goals and accurate financial condition.

Investment Policy Statement - The Investment Policy Statement is a communication between the IAR and the client in forming an appropriate asset allocation strategy based upon the particular needs, objectives, and risk profile of the client. The IPS serves as a blueprint for the prudent investment of client

assets from which an overall asset allocation strategy for various underlying investment vehicles can be created.

Our fiduciary responsibility requires that our overriding concern focuses upon the welfare of our clients and their individual goals. Of principal importance is the establishment of reasonable objectives, expectations, and guidelines in the investment of client assets as defined by the Investment Policy Statement.

RISK - If client does not disclose all assets then IPS developed by adviser may fail to properly assign risk within portfolio managed, i.e. too conservative an allocation or too aggressive an allocation depending on what other assets or income sources not disclosed could impact long term outcome.

Determine Asset Allocation Strategy - Combining the Investment Policy Statement guidelines with capital market expectations guides us in determining target asset class ranges within a client's investment portfolio. Permissible asset class weight ranges can also be used as a risk/volatility control mechanism.

RISK - Capital markets expectations could be misunderstood or inaccurate

Asset Class Correlation: Defined as the movement of one asset class in relation to another, this is essentially the cornerstone of developing an effective asset diversification strategy. Selecting investments that are not perfectly positively correlated has the ability to not only decrease portfolio volatility within an economic cycle, but may also improve volatility-adjusted returns over time.

Trading and Rebalancing – Trading and other transaction costs reduce the value of accounts. Making exchanges within portfolio holdings, fixed income or equity trades to raise levels of cash in portfolio or achieve rebalancing targets are done on an as-needed basis. IAR's of the firm prefer less frequent trading to achieve client investment objectives as they appreciate and acknowledge the challenges of effective market timing, impact of trading costs and taxation.

## **9. Disciplinary Information**

The firm (Adviser) and the individual IARs have no legal and disciplinary events to disclose and agree to fully disclose all material facts required in a timely manner.

## **10. Other Financial and Industry Activities and Affiliations**

Wayne L. Locke is a registered representative of Cetera Advisor Networks LLC (Cetera), a FINRA registered broker-dealer and may receive commissions on securities transactions. Licensed as a registered representative and IAR potentially presents a conflict of interest to the extent that Mr. Locke recommends a client invest in a security which results in a commission being paid to him. Approximately 10% of his time is spent in his capacity as a registered representative. Notwithstanding the fact that principals and associates of MFA may be registered representatives of Cetera, the IAR representative of MFA is solely responsible for the advice rendered. Advisory services are provided separately and independently of Cetera.

Mr. Locke is an IAR of Cetera and approximately 70% of his time is spent in this capacity. He may also engage in selling individual insurance (health, life, disability, and long-term care) and group retirement plans, including 401ks. Approximately 5% of his time is spent in this capacity.

Mr. Locke, as IAR of MFA, spends approximately 15% of his time in this capacity.

Michael J. Matson is a registered representative of Cetera Advisor Networks LLC (Cetera), a FINRA registered broker-dealer and may receive commissions on securities transactions. Approximately 15% of his time is spent in this capacity. This presents a potential conflict of interest to the extent that Mr. Matson recommends a client invest in a security which would result in a commission being paid to him. In addition to being a registered representative of Cetera he is also an investment adviser representative (IAR) of the Cetera RIA. He spends less than 1% of his time in this capacity. IARs of MFA provide planning and advisory services that are separate and independent of Cetera.

In addition, individuals associated with MFA engage in selling group and individual insurance and group retirement plans, including 401ks, health, life, disability, dental and long-term care insurance. Approximately 10% of Mr. Matson's time is spent in this capacity.

Mr. Matson spends 74% of his time as an IAR of MFA.

Mr. Matson's other activities include: Volunteer Town of Brookfield, CT Retirement Benefits Advisory Board Committee; Volunteer Congregational Church of Brookfield Long Range Planning and Church Investment Advisors Committees; Member of M M Mountain View, LLC.

IAR's of Adviser do not recommend other investment advisers to clients and do not receive compensation from other advisers or other professional business relationships including CPA's and attorneys.

## **11. Code of Ethics, Participation in Client Transactions and Personal Trading**

A. MFA has adopted a Code of Ethics pursuant to Rule 204A-1 of the Investment Advisors Act of 1940, as amended, to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that MFA owes a fiduciary duty to its clients. Accordingly, MFA expects all Associated Persons to act with honesty, integrity and professionalism and to adhere to federal securities laws and are required to adhere to the firm Code of Ethics. At all times, the firm must (i) place client interests ahead of MFA's; (ii) engage in personal investing that is in full compliance with MFA Code of Ethics; and (iii) avoid taking advantage of their position. A client or prospective client may request a copy of MFA's Code of Ethics by contacting Michael Matson at (203) 743-0131 or [michael@matsonfinancialadvisors.com](mailto:michael@matsonfinancialadvisors.com)

B. IAR's are prohibited from recommending to clients or recommending buys or

sells for client accounts any securities in which IAR or related person has a material financial interest. This would present a conflict of interest.

C. Participation or Interest in Client Transactions

IAR's of MFA or individuals associated with MFA, may buy or sell securities that it also recommends to clients. As these situations represent a conflict of interest, MFA has established the following policies/restrictions in order to ensure its fiduciary responsibilities:

- a. It is the expressed policy of MFA that no associated person employed by MFA may purchase or sell any covered security prior to a transaction being implemented for an advisory account and therefore preventing such associated person from benefiting from transactions placed on behalf of advisory accounts.
- b. An associated person of MFA shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his/her employment unless the information is also available to the investing public upon reasonable inquiry. No Associated Person of MFA shall prefer his/her own interest to that of the advisory client.
- c. MFA maintains a list of all securities holdings, updated quarterly, for all Associated Persons.
- d. MFA emphasizes the unrestricted right of client to decline to implement any recommendation or advice rendered.

D. Client Priority - Clients must always receive the best price, in relation to Associate Persons, on same day transactions. Associated Persons of the Firm must first give priority on all purchases and sales of securities to the Firm's clients, prior to the execution of transactions for their proprietary accounts, and personal trading must be conducted so as not to conflict with the interests of a client. While the scope of such actions cannot be exactly defined, they would always include each of the following prohibited situations:

- a. contemporaneously purchasing the same securities as a client without making an equitable allocation of the securities to the client first, on the basis of such considerations as available capital and current positions, and then to the account of the employee;
- b. knowingly purchasing or selling securities, directly or indirectly, in such a way as to personally injure a client's transactions;
- c. using knowledge of securities transactions by a client to profit personally, directly or indirectly, by the market effect of such transactions;
- d. giving to any person information not generally available to the public about contemplated, proposed or current purchases or sales of securities by or for a client account, except to the extent necessary to effectuate such transactions.

Review of Personal Trading - All confirmations, statements and other information regarding personal securities transactions and personal account holdings will be reviewed to monitor compliance with this policy. Such reviews will be conducted by the CCO or a designee that shall report the findings of the review to the CCO

with documentation to substantiate the review maintained in the Firm's compliance files. The Firm reserves the right to require any Associated Person to reverse, cancel or freeze, at the Associated Person's expense, any transaction or position in a specific security if the Firm believes the transaction or position violates its policies or appears improper. The Firm will keep all such information confidential except as required to enforce this policy or to participate in any investigation concerning violations of applicable law.

As part of this review process, the CCO will:

- a. Assess whether the Associated Person followed required procedures;
- b. Assess whether the Associated Person is trading for his or her own account in the same securities he or she is trading for clients, and, if so, whether the clients are receiving terms as favorable as the Associated Person takes for him or herself.

## **12. Brokerage Practices**

A. Adviser does not have the discretionary authority to determine, without obtaining specific client consent, the (a) securities to be bought or sold; (b) amount of securities to be bought or sold; (c) broker or dealer to be used; or (d) commission rates. IAR will assist clients in opening one or more brokerage accounts with Cetera Advisor Networks LLC (Cetera) a FINRA registered broker-dealer.

During the account opening process Cetera is authorized to establish custodial account with Pershing, LLC a subsidiary of The Bank of New York Mellon Corporation, One Pershing Plaza, Jersey City, NJ 07399. Pershing offers substantial financial strength and stability, economies of scale and reliable, state of the art technology.

When placing portfolio transactions for client accounts, Cetera's primary objective is to obtain the best price and best execution, taking into account costs, promptness of execution and other qualitative considerations.

In reviewing the factors for Best Execution, MFA takes into consideration:

- Execution capability
- Commission rates
- Value and ease of use of any technology provided to firm and firm clients
- Financial stability of organization
- Ability to hold securities clients desire to transfer into brokerage account
- Financial responsibility
- General responsiveness of the broker-dealer to field inquiries

Adviser determines in good faith that the amount of trading costs charged is reasonable in relation to the value of the brokerage services provided.

The client will pay trading costs in an amount greater than the amount another broker dealer might charge.

1. The adviser does not benefit from Research and Other Soft Dollar Benefit

2. Adviser and IAR's do not receive client referrals from a broker-dealer.
3. Directed Brokerage - Firm IAR's do not recommend, request or require that a client direct them to execute transactions through a specified broker-dealer.

**13. Review of Accounts**

A. Financial planning, overall wealth management and investment guidance requires a regular review of a client's financial and investment situation. Although the client may engage MFA in the review of their overall financial condition on a more frequent basis, MFA encourages clients to submit to an annual review of the client's financial picture at a minimum. These reviews can be conducted face-to-face or electronically through phone or video connection at the request and convenience of client. The planning review meetings include a written agenda and update to client planning priorities.

Reviews are performed by the IAR whose education and business backgrounds are outlined in the ADV Part 2B Brochure Supplement, along with other professional staff including Certified Financial Planners® - as appropriate. Number of accounts assigned per IAR professional is less than 200.

B. Other factors in a client's financial life may trigger a review in addition to a scheduled annual review include, but are not limited to: change in employment, marital status, inheritance, number of dependents, death of family member, education planning, family care obligations, unexpected expense, significant change in income, employer stock grants/options, or disability.

C. Clients will receive account statements reflecting holdings and transactions that is generated and made available through a mailing or electronic access (as selected by client) from the custodian (Pershing, LLC) monthly, but no less than quarterly. Client also receive a confirmation via mailing or electronic as selected by client of each transaction executed in accounts advised by IAR directly from the custodian.

**14. Client Referrals and Other Compensation**

A. The IAR does not accept prizes or awards for providing advisory services to clients.

B. The IAR and related persons do not compensate others for client referrals and are not compensated for providing referrals.

**15. Custody**

Client assets in accounts opened and managed by IAR will be maintained with Pershing, LLC ("custodian"). IAR will not have physical custody of client's assets. Client will be solely responsible for paying all fees or charges of the custodian. Client authorizes IAR to give custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for accounts managed by IAR. Client also authorizes IAR to instruct custodian on client's behalf to

(a) send or provide electronic access to client at least quarterly a statement showing all transactions occurring in accounts during the period covered by the account statement, and the value of funds, securities and other property in such accounts at the end of the period; and (b) provide IAR access to copies of all periodic statements and other reports for such accounts that custodian sends to client.

As part of our firm invoicing procedures, the custodian is advised of the amount of the planning/wealth management advisory fee to be deducted from the client account. The custodian does not calculate the amount of the fee to be deducted so it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation.

Adviser urges all clients to carefully compare the information provided on statements including transactions, holdings and values.

**16. Investment Discretion**

No Discretionary Authority is granted to IAR. In order to accomplish client's investment objectives, IAR will buy, sell, or otherwise trade securities or other investments with client's prior written or oral approval.

**17. Voting Client Securities**

MFA does not have authority to vote proxies on behalf of its clients. Therefore, although MFA may provide investment advisory services relative to Client investment assets, MFA's clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets.

MFA and/or the client shall correspondingly instruct custodian to forward to the client all proxies and shareholder communications relating to the client's investment assets. This can be provided in the mail or accessed electronically with client authorization.

If client requires assistance in completing proxy material the IAR will assist as they are able and can do so by calling 203-743-0131.

In addition, MFA will not be responsible for handling client claims in class action lawsuits involving securities owned by the client.

**18. Financial Information**

- A. The Adviser does not require pre-payment of fees,
- B. The Adviser does not maintain custody of client funds
- C. The Adviser has not been the subject of a bankruptcy petition.