



**Part 2A of Form ADV: Firm Brochure**

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*This brochure provides information about the qualifications and business practices of Lucas Group Financial Planners, Inc. If you have any questions about the contents of this brochure, please contact us at 916-921-9220 or [matt@lucasplanners.com](mailto:matt@lucasplanners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Lucas Group Financial Planners, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 130163.*

*\*Registration as an investment advisor does not imply a certain level of skill or training.*

## **Item 2    Material Changes**

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Since the annual amendment filing in January 2023, we removed all references to TD Ameritrade, Inc. due to the transition of moving our clients' managed accounts away from TD Ameritrade, Inc. to Charles Schwab & Company Inc. In November 2019, the two firms announced they had entered into a definitive agreement for Charles Schwab & Company, Inc. to acquire TD Ameritrade in all-stock transaction. As a result of that acquisition, accounts previously held at TD Ameritrade are now Charles Schwab & Company, Inc. accounts. Subsequently, we updated Item 12 of this brochure to remove references to TD Ameritrade and replaced them with Charles Schwab.

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## Item 4 Advisory Business

Lucas Group Financial Planners, Inc. is a registered investment adviser with the Securities and Exchange Commission ("SEC") with its principal place of business located in Sacramento, California. Lucas Group Financial Planners, Inc. began conducting business in 2004. Listed below is the firm's principal shareholder (i.e., those individuals and/or entities controlling 25% or more of this company).

- Gregory A. Lucas, President (80% owner)
- Matthew M. Page, Shareholder (20% owner)

Lucas Group Financial Planners, Inc. offers the following advisory services to our clients:

### INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT

Our firm provides portfolio management services to clients which involves providing you with continuous and ongoing supervision over your specified accounts using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal and risk tolerance. Where portfolios include equity exposure for capital growth, investors understand that the portfolio's allocation to equities will be adjusted as LGFP believes that market risk conditions change.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor and trade the Account including buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We manage these advisory accounts on a discretionary basis (please refer to Item 16 of this brochure for more information). Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, growth and income, or income), as well as tax considerations. Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Mutual fund shares

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. Annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions.
2. Maintain client suitability information in each client's file.

It is important that you understand that we manage investments for other clients and can give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

## SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS

We also offer advisory management services to our clients through our Selection and Monitoring of Third-Party Money Managers programs. Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established.

Based on the client's individual circumstances and needs we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client, and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's information. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs. The third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. As a result of the referral, we are paid a portion of the fee charged and collected by the third-party money managers in the form of solicitor fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with applicable state securities rules and regulations.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's strategy, we can suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

The decision to recommend a third-party money manager is based on the individual needs of each client and available portfolios available from each manager most appropriate for the client. Third-party money managers recommended by us shall be registered or exempt from registration in your home state. The recommendation of a third-party money manager shall be made on a non-discretionary basis. A complete description of the third-party money managers' services, fee schedules and account minimums will be disclosed in the third-party money managers' Form ADV Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established with the third-party money manager.

Clients are advised that there can be other third-party managed programs not recommended by our firm, that are suitable for the client and that can be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment adviser recommended by our firm. Further, no guarantees of performance can ever be offered by our firm (*Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more details.*)

We have entered into an agreement with Mutual Securities, Inc. Mutual Securities, Inc. is agent of record for some of our legacy annuity contracts. Mutual Securities, Inc. does not compensate us for this service. We have entered into this service agreement with Mutual Securities, Inc. to allow us to continue to service these clients.

## FINANCIAL PLANNING

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to estimate future cash flows, asset values and withdrawal rates. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives. In general, the financial plan can address any or all of the following areas:

**Personal:** We review family records, budgeting, personal liability, estate information and financial goals.

**Tax & Cash Flow:** We analyze the client's income tax and spending and planning for past, current and future years.

**Investments:** We analyze investment alternatives and their effect on the client's portfolio.

**Insurance:** We review existing policies to ensure proper coverage for life, disability and long-term care.

**Retirement:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

**Death & Disability:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

**Estate Planning:** We assist the client in assessing strategies, including living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by either the client or advisor, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

#### AMOUNT OF MANAGED ASSETS

As of 1/2/2024, we were actively managing a total of \$327,737,902 of clients' assets. \$302,719,725 is managed on a discretionary basis and \$25,018,177 is managed on a non-discretionary basis.

### Item 5 Fees and Compensation

#### INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT FEES

The annualized fee for Model Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$250,000	1.50%
\$250,001 to \$500,000	1.40%
\$500,001 to \$1,000,000	1.00%
\$1,000,001 and over	0.80%

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement. See *Item 15 – Custody* for more details.

A minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Lucas Group Financial Planners, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Lucas Group Financial Planners, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, can be offered to family members and friends of associated persons of our firm.

#### SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS FEES

Our fee is based on a percentage of the client's managed assets (typically ranging up to 1.50% of the fee charged by the independent investment adviser, depending on the size of the account), which is included in the independent investment adviser's annual management fee.

Clients are provided with a separate disclosure document describing the fee paid to us by such independent registered investment advisers. The total asset management fee, including the referral fee paid to our firm, is disclosed in the independent investment adviser's disclosure document. We believe these advisory fees are reasonable with respect to the services provided and the fees charged by other investment advisers offering similar services. However, there may be other third party managed programs that may be less expensive if you contracted with them directly.

Any third party investment advisors we recommended must be registered or exempt from registration in the state where you reside. Our representatives have a conflict of interest by only offering those third party investment advisors that have agreed to pay us a portion of their advisory fee. There may be other third-party money managers that may be suitable for you that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. You are never obligated or required to utilize money manager services recommended by our firm.

If you are unwilling to have your personal and/or financial information provided to a third party money manager in order to receive advisory services, then we are unable to assist you with your advisory needs and any advisory relationship is terminated.

### **FINANCIAL PLANNING FEES**

Lucas Group Financial Planners, Inc.'s Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on an hourly basis, not to exceed \$250 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

Our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$1,000 to \$4,500, depending on the specific arrangement reached with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the plan.

### **GENERAL INFORMATION**

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

**Mutual Fund Fees:** All fees paid to Lucas Group Financial Planners, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Lucas Group Financial Planners, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** Lucas Group Financial Planners, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"),

respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Lucas Group Financial Planners, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Lucas Group Financial Planners, Inc.'s advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

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

Lucas Group Financial Planners, Inc. does not charge performance-based fees.

## **Item 7 Types of Clients**

Lucas Group Financial Planners, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do



not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy in managing client accounts, provided that such strategy are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Risk of Loss:** Securities investments are not guaranteed and you may lose money on your investments. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal. We ask that you work with us to help us understand your tolerance for risk.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

### Tax Preparation

Todd R. Hadley is engaged in another business that provides substantial compensation or involves a substantial amount of his time. He is also a qualified tax practitioner. As an Enrolled Agent (E.A.), he is admitted by the Department of the Treasury to practice and represent tax clients before the IRS. Lucas Group Financial Planners clients needing assistance with tax preparation services can be solicited such services provided by Mr. Hadley. Therefore, investment advisory clients are welcome, but are never under any obligation or requirement to use the tax preparation services provided by Mr. Hadley. A separate fee will be charged to clients who contract with Mr. Hadley for tax preparation services. Clients should be aware that there are other tax professionals that provide the same or similar tax preparation services as those provided by Mr. Hadley and services provided by other firms may be less expensive. You are never required or obligated to work with Mr. Hadley in his separate capacity as a tax practitioner.

Clients should be aware that the receipt of additional compensation by Lucas Group Financial Planners, Inc. and its management persons or employees creates a conflict of interest that can impair the objectivity of our firm and these individuals when making advisory recommendations. Lucas Group Financial Planners, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;

- Our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics, which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Lucas Group Financial Planners, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and record keeping provisions.

Lucas Group Financial Planners, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [matt@lucasplanners.com](mailto:matt@lucasplanners.com), or by calling us at 916-921-9220.

Lucas Group Financial Planners, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions and are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.

7. All clients are fully informed that related persons can receive separate commission compensation when effecting transactions during the implementation process.
8. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
9. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
10. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
11. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
12. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

Lucas Group Financial Planners, Inc. requires that clients provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to our clients for these transactions. Clients must include any limitations on discretionary authority in this written authority statement. Clients can change/amend these limitations as required. Such amendments must be provided to us in writing.

As a matter of policy and practice, Lucas Group Financial Planners, Inc. does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Lucas Group Financial Planners, Inc. participates in the Charles Schwab Institutional program. Charles Schwab & Company, Inc. ("Charles Schwab") member FINRA/SIPC. Charles Schwab is an independent [and unaffiliated] SEC-registered broker-dealer. Charles Schwab offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives benefits from Charles Schwab through its participation in the program. (Please see the disclosure under Item 14 below.)

Lucas Group Financial Planners, Inc. in conducting business and in serving the best interests of our clients but that can also benefit us. Many of these services and benefits are considered soft dollar benefits because we do not need to pay for them separately, but receive them just for utilizing the Charles Schwab platform.

Charles Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Charles Schwab enables Lucas Group Financial Planners, Inc. to obtain many no-load mutual funds and ETFs without transaction charges and other no-load funds at nominal transaction charges. Charles Schwab commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Charles Schwab can be higher or lower than those charged by other custodians and broker-dealers. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Lucas Group Financial Planners, Inc. will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that are obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client can be used to pay for research that is not used in managing that specific client's account. Lucas Group Financial Planners, Inc. and Charles Schwab are not affiliated and no broker-dealer affiliated with us is involved in the relationship between Lucas Group Financial Planners, Inc. and Charles Schwab.

## **Item 13 Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES("ISS") MODEL PORTFOLIO MANAGEMENT SERVICE**

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by: Gregory Lucas, President and Matthew Page, Partner

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings. You are encouraged to always compare any reports or statements provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement,

you should contact our firm and the qualified custodian preparing the statement.

### **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** Lucas Group Financial Planners, Inc. will provide reviews as contracted for at the inception of the advisory relationship. These accounts are reviewed by: Gregory Lucas, President and Matthew Page, Partner

**REPORTS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser. Lucas Group Financial Planners, Inc. does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

It is Lucas Group Financial Planners, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm. It is Lucas Group Financial Planners, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

As disclosed under Item 12 above, Advisor participates in Charles Schwab's institutional customer program and Advisor may recommend Charles Schwab to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to Charles Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. Charles Schwab may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by Charles Schwab through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at Charles Schwab. Other services made available by Charles Schwab are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Charles Schwab. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of Charles Schwab for custody and brokerage services.

## **Item 15 Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. However, this is the only form of custody our firm will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which

the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from our firm. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

When fees are deducted from an account, we are responsible for calculating the fee and delivering instructions to the custodian.

## **Item 16 Investment Discretion**

Our Model Portfolio Management Services are provided on a discretionary basis which means we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, 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 proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, Lucas Group Financial Planners, Inc. is required to disclose any financial condition that are reasonably likely to impair our ability to meet our contractual obligations. Lucas Group Financial Planners, Inc. has no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. Lucas Group Financial Planners, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.