Financial Planning Disclosure Form
Harold C. Brown & Co., LLC ("HCB")

This document applies to those clients who have had or will have a written financial plan completed by a CFP® certificant employed by HCB and not to those for whom certain elements of financial planning are rendered as part of HCB's investment advisory services. Clients who only have an investment advisory relationship with HCB should refer to their Investment Advisory Agreement.

Part I - Services to Be Provided & Responsibilities of Each Party

<u>A. The Scope of Financial Planning</u>
HCB offers two forms of financial planning: comprehensive financial planning or asset allocations.

1. **Comprehensive financial plans** analyze current cash flow, net worth (assets and liabilities), asset allocation, and current income tax situation. The plan may also address some or all of the following areas, based on the client's needs and objectives:

- **protection planning** (life, disability, long-term care and business owner insurance)
- **in-depth tax planning** (business buy-sell, stock options, charitable contributions, trusts, estates, divorce)
- **education planning** (amount required to save/invest, rates of return, appropriate investment strategies, available programs and tax consequences)
- **retirement planning** (amount required to save/invest, rates of return, appropriate investment strategies, available programs and tax consequences)
- **estate planning** (strategies such as trusts, gifting, charitable giving and insurance, estate and income tax considerations)
- **business planning** (buy-sell insurance, succession planning, estate planning for business owners, employee benefit planning)

2. **Asset allocations** are designed to provide a framework for a client's investment portfolio based on risk tolerance and time horizon. These plans can address qualified assets (retirement plans, IRAs) and/or non-qualified investments (individual, joint, business or trust accounts).

The scope of each client's plan will be determined by the CFP® certificant and the client. Generally, the fees and the scope will be detailed in the Financial Planning Services Agreement ("Agreement"). There will at times be no Agreement required or fees charged for asset allocations, or other services incidental to an HCB investment advisory relationship.

<u>B. Services Provided and Responsibilities of CFP® Certificant</u>
In connection with the performance of the financial planning services selected by client (as indicated on the Agreement, if required, or verbally if there is no Agreement), CFP® certificant will organize the information provided by client (and client's other advisers, as needed) concerning client's current financial status, goals and objectives, perform an analysis of such information related to client's financial circumstances and objectives and provide client with written report of CFP® certificant's recommendations with respect thereto. At a mutually convenient time, the CFP® certificant will discuss with the client the recommendations that will seek to achieve the client's stated goals. The six-step financial-planning process is described below.

<u>C. Responsibility of Client</u>
Client shall promptly provide to the CFP® certificant copies (or originals that shall be copied and returned to client within seven business days) of all pertinent documents that are necessary, desirable, or appropriate for CFP® certificant's performance of the services selected by client on the Agreement, or such other documents as are necessary to complete a limited plan not requiring an Agreement. Client will be solely responsible for any and all decisions regarding implementation of the CFP® certificant's recommendations. At times, CFP® certificant may seek the collaboration of client's other advisers, as described below, and, if so, client shall

provide CFP® certificant and other advisers with signed “Release of Information” letters. These other advisers may assess fees for their services or for hours spent collaborating with the CFP® certificant.

D. The Six-Step Financial-Planning Process:

1. **Define goals, needs, objectives and scope of engagement - both parties**
   Client will communicate with CFP® certificant client’s needs, goals, objectives and the areas client wishes to be analyzed. The CFP® certificant will establish an expected timeline for the completion of the plan.

2. **Gather data - client, CFP® certificant and other advisers as needed**
   Information is gathered through conversations (in person or through other forms of communication), documents, and a questionnaire. It is important to provide CFP® certificant with as much information as possible, so he/she will have a complete picture of client’s situation and can make recommendations that will be most appropriate and beneficial.

3. **Analyze and evaluate situation - CFP® certificant and other advisers as needed**
   CFP® certificant will review client’s financial situation within the scope of client’s Agreement or verbal understanding, with regard to the goals client has set, and determine what areas of client’s finances need to be changed.

4. **Develop and present recommendations - CFP® certificant and other advisers as needed**
   CFP® certificant will consider client’s resources and priorities when crafting specific recommendations. CFP® certificant will present client with a plan document which client keeps and may refer to. The plan will include specific recommendations to help client achieve stated goals, an action plan, graphic illustrations, timelines, and product and strategy descriptions, where appropriate.

5. **Implement recommendations - client, CFP® certificant and other advisers as needed**
   In order for client to achieve his/her/their stated goals, CFP® certificant will provide a list of action steps in client’s financial plan complete with a description of each action item, the person(s) accountable, and expected time of completion.

6. **Monitor the plan - client, CFP® certificant, and other advisers as needed**
   HCB and CFP® certificant suggest that client review the financial plan annually or more often if significant changes occur. HCB will contact client periodically to discuss the need for another billable engagement during which the plan would be reviewed and recommendations updated.

Part II. Material Information Relevant to the Relationship

A. Sources of Compensation

CFP® certificant compensation can be derived in several ways, including salary, commission, and bonus.

1. Financial Planning Fees

A Client’s financial planning fees are paid to HCB, as employer of CFP® certificant and party to all Agreements. Typically a portion of the financial planning fee is paid to CFP® certificant and/or to members of the CFP® certificant’s portfolio management team (see below) while the balance is retained by HCB.

2. Other fees received by HCB

HCB may receive compensation in connection with client’s activities other than financial planning fees. This compensation may or may not originate with client.

Clients who open investment management accounts with HCB will be charged asset management fees determined as a percentage of the value of the assets in the investment portfolio(s). A portion of such fees will be retained by HCB and a portion paid to the team of portfolio managers responsible for the account(s). The CFP® certificant(s) responsible for client’s financial plan may also be member(s) of the portfolio management team; if so, such relationship will be disclosed in an Investment Advisory

Agreement. HCB may also pay to portfolio managers bonuses related to their assets under management and the firm's profitability.

HCB may also receive distribution assistance fees from mutual funds, as well as insurance commissions. A portion of insurance commissions may be paid out to licensed insurance agents who are also CFP® certificants and/or portfolio managers of HCB.

Compensation for employees of HCB other than portfolio managers is primarily in the form of salaries, although sales assistants may share in asset management fees. Any employee is eligible to receive additional income from generating new business for the firm, and all employees may receive bonuses based on personal performance and firm profitability.

B. Potential Conflicts of Interest

While we pride ourselves on our independence, and strive to maintain the highest ethical standards, we believe it is prudent to notify you of the following areas where a potential conflict of interest may apply.

1. CFP® certificants who are employees of HCB make recommendations based solely on the client's needs and objectives but may be compensated based on the firm's receipt of fees from financial planning, assets under management, mutual funds and insurance policies. Therefore, a CFP® certificant must detail and compare the benefits of implementing certain recommendations with HCB (such as investments and insurance) with other providers the client may be considering.

2. CFP® certificants have, at times, provided planning services for married couples who subsequently divorce, or for single individuals who subsequently marry. Considering this potential conflict, and to ensure complete objectivity, each client may wish to establish an Agreement with a different CFP® certificant within HCB.

3. If/when a CFP® certificant has been asked to serve as trustee while employed by HCB, the assets within the trust typically remain under management at HCB, generating "assets under management" fees that may compensate the CFP® certificant.

4. If a CFP® certificant has a personal conflict of interest, he/she will disclose such conflict both in person and outline below:

C. Limitations on Products, Services, and/or Solutions

- HCB invests using individual securities as well as pooled investment vehicles such as mutual funds, ETFs, and annuities. Our investment council determines appropriate vehicles for investment and details the reasons for such.

- We work with both an insurance broker and an outside independent insurance agent for life, disability, and long-term care insurance policies to provide a breadth and depth of options for our clients. We have not identified any limitations in this area.

- HCB offers American Skandia and Aegon annuity products through Pershing, LLC, HCB's custodian. Annuities from other companies can be reviewed and analyzed by CFP® certificant, but cannot be implemented through HCB.