

## **Item 1 – Cover Page**

### **Firm Brochure (Part 2A of Form ADV)**

**Turloff Financial Consulting, Inc.**

**P.O. Box 11526**

**Bainbridge Island, WA 98110**

**PHONE: (206) 842-1422**

**FAX: (206) 842-5286**

**www.turloff.com**

**EMAIL: [eric@turloff.com](mailto:eric@turloff.com)**

**CRD: 117465**

This brochure provides information about the qualifications and business practices of Turloff Financial Consulting, Inc. If you have any questions about the contents of this brochure, please contact us at (206) 842-1422, or by email at [eric@turloff.com](mailto:eric@turloff.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. Registration does not imply a certain level of skill or training.

Additional information about Turloff Financial Consulting, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**January 25, 2021**

## **Item 2 – Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes have occurred since the previous release of the Firm Brochure.

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### **Material Changes Since the Last Update**

Since the most recent annual amendment, dated January 24, 2020, this Firm Brochure has been amended as follows:

- At Item 4 to revise descriptions of the firm’s services and overall process, including with respect to financial planning, discretionary asset management, and tax preparation services
  - At Item 5 to revise the firm’s fee practices and update the hourly fee rate for financial planning services
  - At Item 8 to incorporate disclosure regarding the use of margin
  - At Item 12 to revise disclosures regarding recommended qualified custodians, non-soft dollar benefits, brokerage for client referrals, directed brokerage, and order aggregation
  - At Item 16 to describe the client’s ability to place reasonable restrictions on our discretionary management
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### **Full Brochure Available**

If you would like to receive a complete copy of our Firm Brochure at any time, please contact us by telephone at (206) 842-1422, or by email at [eric@turloff.com](mailto:eric@turloff.com).

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## Item 4 – Advisory Business

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### **Firm Description**

Turloff Financial Consulting, Inc. was founded in 1998.

Turloff Financial Consulting, Inc provides personalized confidential financial planning and investment management to individuals, high net worth individuals, trusts, and estates. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Turloff Financial Consulting, Inc is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Investment advice is an integral part of financial planning. Accordingly, Turloff Financial, Inc. can also provide ongoing investment management services based on the client's unique financial situation and investment objectives. Turloff Financial Consulting, Inc does not act as a custodian of client assets. The client always maintains asset control. Turloff Financial Consulting, Inc places trades on a discretionary basis for clients under a limited power of attorney.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged directly by the client on an as-needed basis. Conflicts of interest, to the extent present, are fully disclosed to clients through this Disclosure Brochure. In the event a conflict of interest arises that would have a material impact on the client, and such conflict is not described herein or the relevant client's services agreement with Turloff Financial Consulting, Inc., the client will be provided with a separate standalone disclosure to fully disclose the conflict of interest.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Total discretionary client assets under management as of December 31, 2020 are \$116,614,887.

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### **Principal Owners**

Eric Turloff is a 100% stockholder of Turloff Financial Consulting, Inc.

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### **Types of Advisory Services**

Turloff Financial Consulting, Inc provides investment supervisory services, also known as asset management services.

On more than an occasional basis, Turloff Financial Consulting, Inc furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

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## **Tailored Relationships**

The goals and objectives for each client are requested during client interviews; however, some clients do not choose to provide these in their entirety. Investment Objectives that reflect the client's wishes are then created. Clients may impose restrictions on investing in certain securities or types of securities.

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## **Types of Agreements**

The following agreements define the typical client relationships.

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## **Financial Planning**

With this service, a detailed review of the client's current financial situation can be performed. During this review, the specific scope of services will be agreed upon with the client, and can include the following areas:

- Long and short term goals
- Analysis of cash flow and cash flow projections
- Analysis of taxes and tax planning
- Risk management and insurance needs
- Educational planning
- Estate planning
- Retirement planning
- Analysis of investments and development of an investment strategy
- Recommendations
- An implementation checklist

At the completion of this review, the client will receive a written report addressing all the areas mentioned.

Some clients may not require an in-depth review of all the areas addressed above; instead, they just want help with a limited number of topics. For these clients, we meet to review the current financial situation and needs.

Detailed investment advice and specific recommendations are provided as part of the financial plan. Financial planning recommendations may be accepted or rejected at the client's sole discretion, and the client is exclusively responsible for implementation of any accepted recommendations.

Limitations of Financial Planning Services. To the extent requested by a client, we may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Financial planning and consulting services may either be rendered on a standalone basis for an agreed upon fee or may be combined with our Discretionary Asset Management service, inclusive of our Discretionary Asset Management fee. Financial planning is a discovery process. At times, the client may be unaware of certain financial exposures or predicaments in personal situations. When rendered on a standalone basis, the fee for a financial plan is predicated upon the facts known at the

start of the engagement. In the event that the client's situation differs substantially from that disclosed at the initial meeting, a revised fee will be provided by mutual agreement.

Please Note: We do not serve as an attorney, accountant, broker-dealer, or insurance agency, and no portion of our services should be construed as same. Accordingly, we do not prepare estate planning documents, tax returns, or sell commission-based securities or insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including representatives of Turloff Financial Consulting, Inc. in their separate capacities as tax preparers. You are under no obligation to act pursuant to any of our recommendations. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation that we make. In addition, if the client elects to take action pursuant to our recommendations, the client is under no obligation to engage Turloff Financial Consulting, Inc. to implement any such recommendations. A recommendation that a client engage a representative of Turloff Financial Consulting, Inc. for tax preparation services presents a conflict of interest, as the recommendation could be made on the basis of compensation to be received, rather than on a particular client's need. Please Also Note: If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Turloff Financial Consulting, Inc. does not provide ongoing updates to any client's financial plan unless the financial planning service is provided in combination with the firm's ongoing Discretionary Asset Management service, described below. When financial planning is provided on a standalone basis, the financial planning engagement ends once the final bill is presented.

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### **Discretionary Asset Management**

Most clients choose to have Turloff Financial Consulting, Inc manages their assets in order to obtain ongoing in-depth advice and life planning as a part of a financial plan. Typical steps for portfolio management services include:

- Client will provide us with information concerning the client's financial situation, risk tolerance, and investment objectives, as well as any reasonable restrictions on our investment management services.
- Based on this information, we will agree upon a risk tolerance and corresponding investment objective, which will be used to inform our management of the client's assets, which could include the selection of one or more asset allocation models.
- We will make discretionary investment decisions believed to be appropriate for the client in accordance with this the agreed-upon risk tolerance and investment objective.
- We will assist the client in opening accounts and filling out initial application and transfer forms, as well as remitting cash and securities.
- We will identify investment transactions and place transaction orders directly with investment companies or the client's qualified custodian.



- On at least a quarterly basis, we will perform a general review of the client's account to be sure that it is consistent with the client's written investment objectives and risk level.
- On an as needed basis, we will discuss the client's investment objectives, investment performance, risk level, asset allocation, and/or individual investments in the portfolio. These discussions can occur in person, over the phone and/or via email. Generally, emails are not suitable for in-depth discussions.
- We will remain available to respond to other financial issues, as needed.

In performing our services, we shall not be required to verify any information received from the client or from the client's other professionals, and we are expressly authorized to rely thereon. Moreover, it remains each client's responsibility to promptly notify us if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

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### **Tax Preparation Agreement**

Tax preparation work is performed, to the extent specifically requested, pursuant to a separate engagement. Accordingly, tax preparation services and related fees are separate from, and in addition to, the other services and fees described herein.

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### **Wrap Fee Programs**

Turloff Financial Consulting, Inc. does not participate in any wrap fee programs.

## **Item 5 – Fees and Compensation**

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### **Description**

Turloff Financial Consulting, Inc bases its fees for Discretionary Asset Management Services on a percentage of assets under management as stated below.

Discretionary Asset Management service is 0.6% annually of the first \$500,000 of assets placed under our management and 0.3% over \$500,000. The minimum quarterly fee is \$500. Unless otherwise agreed, cash and cash equivalent positions are included in the client's assets under management for the purpose of calculating our fee and no adjustments are made for account deposits and withdrawals made during the fee period. **Please Note:** If a client is accepted with less than \$333,333 in assets under management and is subject to our minimum quarterly fee of \$500, the client's effective fee rate will exceed the 0.60% noted above.

Turloff Financial Consulting, Inc, at its sole discretion, may waive or reduce its minimum fee requirement and/or charge a lesser advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with clients, etc.). As a result, similarly-situated clients may pay different fees.

When not provided as part of a Discretionary Asset Management agreement, Financial Planning Services are based on hourly charges and fixed fees. Financial

plans are priced according to the degree of complexity associated with the client's situation. The fee estimate is based upon the time necessary to complete each task at an hourly rate of \$200; however, rates are subject to negotiation. Clients will be provided with a fee estimate prior to beginning work.

**Please Note:** Lower fees for comparable services may be available from other sources.

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## **Fee Billing**

### **A. Financial Planning Services**

When Financial Planning services are combined with Discretionary Asset Management, Financial Planning is included in the client's asset-based fee. When Financial Planning is provided on a standalone basis, such services are generally provided on an hourly rate basis of \$200 per hour. Assuming the financial planning work is to be completed within six months, a 50% deposit may be required at contract signing. The balance is payable upon delivery of the financial plan. If at the end of six months the work is not completed, then the unused portion of the deposit will be refunded.

### **B. Discretionary Asset Management**

Asset management fees are billed quarterly, in arrears, meaning that clients are invoiced after the three-month billing period has ended, based on the market value of assets under our management as of the last business day of the billing period. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account. If Turloff Financial Consulting, Inc is unable to deduct the fees from the account, the client must issue payment upon notification. Turloff Financial Consulting, Inc reserves the right to extend the due date.

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## **Other Fees**

Brokers and/or custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds that might not otherwise be charged if the client purchased no-load funds directly. They are usually small and incidental to the purchase or sale of a security. These transaction charges are used to minimize expense ratios. The selection of the security is more important than the nominal fee that the broker charges to buy or sell the security.

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## **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by the client to Turloff Financial Consulting, Inc. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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## **Past Due Accounts and Termination of Agreement**

The duration of service is at the client's discretion. Either party may terminate the Agreement, with five business days' notice and without penalty, by written notice to the other party. At termination, fees will be billed on a pro-rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation. Family members, employees, prospects and key vendors may receive services at reduced or waived rates.

A client may terminate its agreement at any time by notifying Turloff Financial Consulting, Inc in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Turloff Financial Consulting, Inc will refund any unearned portion of the advance payment. Turloff Financial Consulting, Inc may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Turloff Financial Consulting, Inc will refund any unearned portion of the advance payment.

Turloff Financial Consulting, Inc reserves the right to stop work on any account that is more than 15 days overdue. In addition, Turloff Financial Consulting, Inc reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations necessary and appropriate, in Turloff Financial Consulting, Inc judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

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## **Compensation for the Sale of Securities or Other Investment Products**

Neither Turloff Financial Consulting, Inc., nor its representatives, accept compensation from the sale of securities or other investment products.

## **Item 6 – Performance-Based Fees**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Turloff Financial Consulting, Inc does not use a performance-based fee structure because of the potential for conflict of interest. Performance-based compensation may create an incentive for advisers to recommend an investment that may carry a higher degree of risk to the client. Rather, recommendations are based upon what is most prudent for each client.

## **Item 7 – Types of Clients**

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### **Description**

Turloff Financial Consulting, Inc generally provides investment advice to individuals, high net worth individuals, trusts, and estates.

Client relationships vary in scope and length of service.

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## Account Minimums

Turloff Financial Consulting, Inc does not impose an account minimum. Clients receiving ongoing asset management services will be assessed a \$500 minimum quarterly fee.

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

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### Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

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### Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client has an Investment Objective that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

When reviewing a client's financial situation, Turloff Financial Consulting, Inc. may also advise on assets held in one or more qualified retirement plans, including whether a rollover out of that particular plan is advisable. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Turloff Financial Consulting, Inc. recommends that a client roll over their retirement plan assets into an account to be managed by the firm, such a recommendation creates a conflict of interest if Turloff Financial Consulting, Inc. will earn new (or increase its current) compensation as a result of the rollover. **No client is under any obligation to rollover retirement plan assets to an account managed by Turloff Financial Consulting. Turloff Financial Consulting's Chief Compliance Officer, Eric Turloff remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

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## Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. Profitability is at a higher risk than that of an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations may decrease profitability because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Margin.** Turloff Financial Consulting, Inc. generally does not recommend the use of margin for investment purposes. Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments or to access liquidity. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. When used for investment purposes, the intended effect is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Although clients may retain the ability to use margin, Turloff Financial Consulting, Inc. does

not use margin for investment purposes and does not recommend its use in that manner by clients.

However, Turloff Financial Consulting, Inc. may deem it advisable for a client to use margin for other purposes, such as financing a large purchase. In doing so, clients establish a margin account with the client's broker-dealer/custodian or their affiliated banks (each, a "Lender"), and may then have access to margin loans for financial planning, cash flow management, or other purposes.

The terms and conditions of each margin loan are contained in a separate agreement between the client and the Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral or repay the margin loan if the Lender determines that the value of collateralized securities is no longer sufficient to support the value of the loan; the risk that the Lender may liquidate the client's securities to satisfy its demand for additional collateral or repayment / the risk that the Lender may terminate the margin loan at any time. Before agreeing to participate in a margin loan program, clients should carefully review the applicable margin loan agreement and all risk disclosures provided by the Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing "margin calls" and liquidating securities and other assets in the client's accounts.

To the extent utilized by the client, any outstanding margin balances will be disregarded for the purpose of calculating Turloff Financial Consulting, Inc.'s fees.

## **Item 9 – Disciplinary Information**

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### **Legal and Disciplinary Events**

Neither the firm nor its employees have been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Financial Industry Activities**

Neither Turloff Financial Consulting, Inc., nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Turloff Financial Consulting, Inc., nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Eric Turloff, CPA, CFA of Turloff Financial Consulting, Inc. has entered into a limited joint operating agreement with Andrew P. Loechl, CFA of Eagle Harbor Asset Management, Inc. The primary purpose of this agreement is to enhance the

service level to our clients by providing backup in the event of illness and/or death to Eric Turloff. The agreement also covers limited joint marketing efforts, as well as potential backup coverage for short-term absences by either party. Eric Turloff is an investment advisor representative of Eagle Harbor Asset Management, Inc., but does not receive compensation from Eagle Harbor Asset Management; Andrew P. Loechl is currently an investment advisor representative of Turloff Financial Consulting, Inc. If Eric Turloff is unable to perform his duties, Andrew Loechl will assume the duties and at that time he will have access to client records. For more information, including how a client can opt-out of sharing of client information with Andrew Loechl and Eagle Harbor Asset Management, please see the Turloff Financial Consulting, Inc. Privacy Notice contained herein.

As discussed above, certain representatives of Turloff Financial Consulting, Inc. may also be engaged for tax preparation services. A recommendation that a client engage a representative of Turloff Financial Consulting, Inc. for tax preparation services presents a conflict of interest, as the recommendation could be made on the basis of compensation to be received, rather than on a particular client's need. No representative of Turloff Financial Consulting, Inc. will retain signatory authority over any client account as a result of any such tax preparation engagement.

Turloff Financial Consulting, Inc. does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

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### **Code of Ethics**

The employees of Turloff Financial Consulting, Inc have committed to a Code of Ethics. This Code of Ethics serves to establish a standard of business conduct for all of Turloff Financial Consulting, Inc.'s representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Turloff Financial Consulting, Inc. also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Turloff Financial Consulting, Inc. or any of its associated persons.

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### **Material Financial Interest**

Neither Turloff Financial Consulting, Inc., nor any related person of Turloff Financial Consulting, Inc., recommends, buys, or sells for client accounts, securities in which Turloff Financial Consulting, Inc. or any related person of Turloff Financial Consulting, Inc. has a material financial interest.

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### **Client and Employee Trading**

Turloff Financial Consulting, Inc. and/or its representatives may buy or sell mutual funds that are also recommended to clients. Since we do not recommend specific stocks, we do not have the ability to front run.

## Item 12 – Brokerage Practices

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### Selecting Brokerage Firms

In the event that the client requests that Turloff Financial Consulting, Inc. recommend a broker-dealer/custodian for execution and/or custodial services, Turloff Financial Consulting, Inc. generally recommends that investment advisory accounts be maintained at Charles Schwab & Co. Inc. (“Schwab”). Prior to engaging Turloff Financial Consulting, Inc. to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with the firm setting forth the terms and conditions under which we shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Turloff Financial Consulting, Inc. considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with our firm, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by our clients shall comply with our duty to seek best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Turloff Financial Consulting, Inc. determines, in good faith, that the transaction fee is reasonable. 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, transaction rates, and responsiveness. Accordingly, although Turloff Financial Consulting, Inc. will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions.

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### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Turloff Financial Consulting, Inc. can receive from Schwab (or another broker-dealer/custodian, investment manager, platform or fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Turloff Financial Consulting, Inc. to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Turloff Financial Consulting, Inc. can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by Turloff Financial Consulting, Inc. in furtherance of its investment advisory business operations.

Certain of the above support services and/or products assist us in managing and administering client accounts. Others do not directly provide such assistance, but rather assist us to manage and further develop its business enterprise.

Turloff Financial Consulting, Inc.'s clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Turloff Financial



Consulting, Inc. to Schwab, or any other any entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement..

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### **Brokerage for Client Referrals**

Turloff Financial Consulting, Inc. does not receive referrals from broker-dealers.

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### **Directed Brokerage**

We do not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Turloff Financial Consulting, Inc. will not seek better execution services or prices from other broker-dealers or be able to “batch” the client's transactions for execution through other broker-dealers with orders for other accounts managed by Turloff Financial Consulting, Inc. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

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### **Order Aggregation**

To the extent that Turloff Financial Consulting, Inc. provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Turloff Financial Consulting, Inc. decides to purchase or sell the same securities for several clients at approximately the same time. The firm may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Turloff Financial Consulting, Inc.’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Turloff Financial Consulting, Inc. shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13 – Review of Accounts**

The firm performs account reviews at least annually. These reviews are conducted personally by Eric Turloff. Account reviews are performed more frequently when market conditions dictate. The frequency of these reviews is determined by the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client. Other conditions that may trigger a review include changes in the tax laws, new information about an investment, changes in a client's personal situation, the need to raise cash, etc. Clients receive written reports at least annually.

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

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### **Incoming Referrals**

Turloff Financial Consulting, Inc has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals. Turloff Financial Consulting, Inc. does not have a referral arrangement with Eagle Harbor Asset Management.

### **Referrals Out**

Turloff Financial Consulting, Inc does not accept referral fees or any form of remuneration from other professionals when referring a prospect or client to any firm.

## **Item 15 – Custody**

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### **Account Statements**

All assets are held by qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. We do withdraw fees from clients' accounts. Each time a client fee is deducted, we send a statement to the account custodian and a copy of the invoice to the client. This invoice includes the fee(s), the formula used to calculate the fee(s), and the time period covered by the fee(s). The custodian sends quarterly statements to the client showing all disbursements for the custodian account, including the amount of the advisory fees. Clients provide written authorization permitting fees to be deducted for their accounts.

When our clients enter agreements with their custodian where the client requests the custodian transfer funds to a third - party, we are considered to have custody of client funds. To assure that our client's funds are safeguarded we, along with the client's qualified custodian, take the following steps:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The client authorizes us, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
4. The client can terminate or change the instruction to the client's qualified custodian.

5. We don't have the authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
6. We maintain records showing that the third party is not a related party of ours or located at the same address as us.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

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**Reports from Turloff Financial Consulting, Inc.**

Clients are urged to compare the account statements received directly from their custodians to the reports provided by Turloff Financial Consulting, Inc.

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**Item 16 – Investment Discretion**

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**Discretionary Authority for Trading**

Turloff Financial Consulting, Inc accepts discretionary authority to manage securities accounts on behalf of clients. Turloff Financial Consulting, Inc has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Turloff Financial Consulting, Inc may consult with the client prior to placing trades.

The client approves the custodian to be used and the commission rates paid to the custodian. Turloff Financial Consulting, Inc does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in accounts on the client's behalf so that we may promptly implement the client's Investment Objective.

Clients who engage us on a discretionary basis may, at any time, impose reasonable restrictions, in writing, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe use of margin, etc.)

limited power of attorney is the trading authorization. Clients sign a limited power of attorney so that we may execute approved trades.

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**Item 17 – Voting Client Securities**

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**Proxy Votes**

Turloff Financial Consulting, Inc. does not vote client proxies. 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 will receive their proxies or other solicitations directly from their custodian. Clients may contact Turloff Financial Consulting, Inc. to discuss any questions they may have with a particular solicitation.

## **Item 18 – Financial Information**

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### **Financial Condition**

Turloff Financial Consulting, Inc. does not have any financial impairment that would preclude the firm from meeting contractual commitments to clients.

Turloff Financial Consulting, Inc. has not been the subject of a bankruptcy petition in the past ten years.

A balance sheet is not required to be provided because Turloff Financial Consulting, Inc. does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$500 per client and six months or more in advance.

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

Eric Turloff is Turloff Financial Consulting, Inc.'s sole owner, President, and Chief Compliance Officer. Please refer to the ADV Part 2B, Brochure Supplement for more information about Mr. Turloff.

Except as described herein, neither Turloff Financial Consulting, Inc. nor its representatives are engaged in any outside business activity.

Neither Turloff Financial Consulting, Inc. nor its representatives accept performance-based fees.

Neither Turloff Financial Consulting, Inc. nor its representatives have any reportable disciplinary information.

Neither Turloff Financial Consulting, Inc. nor its representatives have any relationship or arrangement with any issuer of securities.

# Information Security Program

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## Information Security

Turloff Financial Consulting, Inc maintains an information security program to reduce the risk that clients' personal and confidential information may be breached.

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## Privacy Notice

Turloff Financial Consulting, Inc is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to our firm.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, and information about transactions between you and third parties. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, mortgage lenders and insurance agents with whom you either already have an established relationship, or to whom you may direct us to establish a relationship on your behalf. Some profile information (age, health status, situational information) about you is provided to third parties without disclosing your identity (e.g., to obtain insurance quotes before you have authorized the relationship).

You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, e-mail, or in person. We share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall software barrier.

We do not provide your personal information to mailing list vendors or solicitors.

We require strict confidentiality in our agreements with affiliated and unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our company records and your personal records as permitted by law to ensure our firm's compliance with state and federal securities laws.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed. We routinely employ a paper shredder to destroy unnecessary documents that include personal information.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Statement to you annually, in writing.

**Please Note:** As discussed in our Form ADV Part 2A at Item 10, Eric Turloff, CPA, CFA of Turloff Financial Consulting, Inc. has a limited joint operating agreement with Andrew P. Loechl, CFA of Eagle Harbor Asset Management, Inc. The primary purpose of the agreement is to enhance the service level to our clients by providing

backup in the event of illness and/or death to Eric Turloff. The agreement also covers limited joint marketing efforts, as well as potential backup coverage for short-term absences by Eric Turloff. Andrew P. Loechl is an investment advisor representative of Turloff Financial Consulting, Inc. If Eric Turloff is unable to perform his duties, Andrew Loechl will assume the duties and at that time he will have access to client records.

**Opt-Out:** If a client wishes to opt out of this service, please send written notice to Eric Turloff. If a client does not send written notice of its intent to opt-out of this service, it will be presumed that the client has accepted.

## Brochure Supplement (Part 2B of Form ADV)

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### Item 1 – Cover Page

**Eric E. Turloff, CPA, CFA**  
**P.O. Box 11526**  
**Bainbridge Island, WA 98110**

**January 25, 2021**

This Brochure Supplement provides information about Eric E. Turloff, CPA, CFA that supplements the Turloff Financial Consulting, Inc. Brochure. You should have received a copy of that Brochure. Please contact Eric E. Turloff, CPA, CFA, Chief Compliance Officer, at (206) 842-1422 or [eric@turloff.com](mailto:eric@turloff.com) if you did not receive Turloff Financial Consulting, Inc.'s Brochure or if you have any questions about the contents of this Brochure Supplement.

Additional information about Eric E. Turloff, CPA, CFA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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### Item 2 – Educational Background and Business Experience

Turloff Financial Consulting, Inc. requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include an MBA, a CFP, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Complete all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by the sponsors.

- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.
- The CFA Institute also recommends that CFA certificants complete 20 hours of continuing education credit activities, with a minimum of 2 hours in the topics of Standards, Ethics, and Regulations (SER), each calendar year.

Certified Public Accountant (CPA): Certified Public Accountants are licensed by the State Board of Accountancy to use the CPA mark. CPA certification requirements:

- Bachelor's degree from an accredited college or university.
- Pass the CPA exam.
- Successful completion of 40 hours per year of continuing education.
- Two-years of qualifying full-time work experience.

### Eric E Turloff, CPA, CFA

Educational Background:

- University of Michigan, BBA 1978
- CPA (Certified Public Accountant) 1980
- CFA (Chartered Financial Analyst) 2000

Business Experience:

- Financial Analyst with Weyerhaeuser, 1980 to 1998
- Founder of Turloff Financial Consulting, Inc., 1998 to present

Central Registration Depository # (CRD): 4476538

Year of birth: 1958

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

Mr. Turloff has never been involved in a criminal or civil action in a domestic, foreign, or military court.

Mr. Turloff has never been involved in an administrative proceeding before the Securities and Exchange Commission, any federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Mr. Turloff has never had adverse findings issued against him by a self-regulatory organization.

Mr. Turloff has no other hearings or formal adjudications to report.

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

**Tax preparation.** A recommendation that a client engage Mr. Turloff for tax preparation services presents a conflict of interest, as the recommendation could be made on the basis of compensation to be received, rather than on a particular client's need.



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**Item 5 – Additional Compensation**

Mr. Turloff does not receive compensation from any person other than his clients for providing advisory services.

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**Item 6 – Supervision**

Mr. Turloff is the sole member of Turloff Financial Consulting, Inc. As President and Chief Compliance Officer, Mr. Turloff oversees his own business operations and trading practices consistent with applicable regulatory requirements. His contact number is (206) 842-1422.

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

Mr. Turloff has never been found liable in an arbitration proceeding or a civil, self-regulatory, or administrative proceeding.

Mr. Turloff has not been subject of any bankruptcy petition.