

## **Item 1 – Cover Page**

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

**Turloff Financial Consulting, Inc.**

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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).

**February 2, 2023**

## **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 February 2, 2022 this Firm Brochure has been amended as follows:

Item 4 has been revised to include additional information on how Turloff Financial Consulting, Inc manages client engagements, cybersecurity risks, treatment of cash positions, and non-discretionary asset management.

Item 5 has been updated relative to the use of Dimensional Funds.

Item 15 has been revised to provide additional information on custodial arrangements.

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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. Eric Turloff is the managing shareholder and principal of Turloff Financial Consulting, Inc.

Turloff Financial Consulting, Inc provides personalized confidential financial planning and both discretionary and non-discretionary 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.

Before engaging Turloff Financial Consulting, Inc to provide investment advisory services, clients are generally required to enter into an *Investment Advisory Agreement* with Turloff Financial Consulting, Inc setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. To commence the investment advisory process, Turloff Financial Consulting, Inc will ascertain each client's investment objective(s) and then allocate the client's assets consistent with the client's designated investment objective(s). Once allocated, Turloff Financial Consulting, Inc provides ongoing supervision of the account(s).

For individual retail clients, Turloff Financial Consulting, Inc's annual investment advisory fee shall generally include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Turloff Financial Consulting, Inc), Turloff Financial Consulting, Inc may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

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 client assets under management as of December 31, 2022 are \$119,774,992.

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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. For clients who are engaged with our Discretionary Asset Management services, and whose financial planning needs are deemed extraordinary at the discretion of Turloff Financial Consulting, an additional financial planning and consulting fee may apply. The specific fee arrangement will be disclosed and agreed upon with the client prior to rendering financial planning services.

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. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** Turloff Financial Consulting, Inc, shall be responsible for the quality and competency of the services provided.

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.

**Please Note: Periods of Portfolio Inactivity.** Turloff Financial Consulting has a fiduciary duty to provide services consistent with the client's best interest. We will review client portfolios on a regular basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective or financial circumstances. Based upon these factors, there may be extended periods of time when we determine that

changes to a client's portfolio are neither necessary nor prudent. Clients remain subject to the fees described in Item 5 below during periods of account inactivity.

**Retirement Rollovers-Potential for Conflict of Interest:** 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. If Turloff Financial Consulting, Inc provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Turloff Financial Consulting, Inc is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant, whether it is from an employer's plan or an existing IRA. Turloff Consulting Inc'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.**

**Cybersecurity Risk.** The information technology systems and networks that Turloff Financial Consulting, Inc and its third-party service providers use to provide services to its clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Turloff Financial Consulting, Inc's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Turloff Financial Consulting, Inc are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Turloff Financial Consulting, Inc has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Turloff Financial Consulting, Inc does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Cash Positions.** Turloff Financial Consulting, Inc continues to treat cash as an asset class. As such, unless determined to the contrary by Turloff Financial Consulting, Inc, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Turloff Financial Consulting, Inc's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Turloff Financial Consulting, Inc may maintain cash

positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Turloff Financial Consulting, Inc's advisory fee could exceed the interest paid by the client's money market fund.

**Non-Discretionary Service Limitations.** Clients that determine to engage the Turloff Financial Consulting, Inc on a non-discretionary investment advisory basis must be willing to accept that the Turloff Financial Consulting, Inc cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Turloff Financial Consulting, Inc will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's consent.

**Client Obligations.** In performing its services, Turloff Financial Consulting, Inc shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Turloff Financial Consulting, Inc if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Turloff Financial Consulting, Inc's written Brochure and Client Relationship Summary, as set forth on Part 2 of Form ADV and Form CRS respectively, shall be provided to each client prior to the execution of any advisory agreement.

Turloff Financial Consulting, Inc shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Turloff Financial Consulting, Inc shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Turloff Financial Consulting, Inc's 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 \$220; 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 \$220 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. Turloff Financial Consulting believes that selection of the security is more important than the nominal fee that the broker charges to buy or sell the security.

Brokers and/or custodians may also assess platform fees on client accounts. These platform fees are typically assessed on either a flat fee basis or as a percentage of client assets and may be incurred by either the client or Turloff Financial Consulting. To the extent such platform fees are incurred by Turloff Financial Consulting, the portion of the platform fee attributable to the client will be added to the client's invoice for Turloff Financial Consulting's services. Turloff Financial Consulting will only include this amount on client invoices as a means of recouping its cost, and Turloff Financial Consulting will not retain any portion of this fee.

Turloff Financial Consulting, Inc utilizes the mutual funds and exchange traded funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate Turloff Financial Consulting, Inc's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply. ANY QUESTIONS: Turloff Financial Consulting, Inc's Chief Compliance Officer, Eric Turloff, remains available to address any questions that a client or prospective client may have regarding the above.

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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).

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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 which is provided to all clients upon engagement and is thereafter available free of charge upon the client's written request.

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 (to the extent that such fees are paid) 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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**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**

As referenced in Item 12 above, Turloff Financial Consulting, Inc receives an economic benefit from broker-dealers. Turloff Financial Consulting, Inc, without cost (and/or at a discount), receives support services and/or products from broker-dealers. There is no corresponding commitment made by the Turloff Financial Consulting, Inc to a broker-dealer or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

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 receive referral compensation from Eagle Harbor Asset Management.

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### **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.

In addition, certain clients may establish asset transfer authorizations that permit the qualified custodian to rely upon instructions from Turloff Financial Consulting, Inc to transfer client funds or securities to third parties. To the extent established, these arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination

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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.

## **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.

## **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 \$1,200 per client and six months or more in advance.