

# TAM Financial Advisors

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## Item 1 – Cover Page



**TAM Financial Advisors**  
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[www.tamfinancial.net](http://www.tamfinancial.net)

March 23, 2020

This firm brochure (“brochure”) provides information about the qualifications and business practices of TAM Financial Advisors, LLC, *dba* TAM Financial Advisors (“TAM”). If you have any questions about the contents of this brochure, please contact us at 410-349-4484 or [info@tamfinancial.net](mailto:info@tamfinancial.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Delivery of this brochure does not relieve TAM of any other disclosure obligations under any federal or state laws or regulations.

Additional information about TAM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The firm’s searchable CRD No. is 125496.

TAM is a registered investment advisor with the SEC. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information about which you determine to hire or retain an advisor.

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## Item 2 – Material Changes

This item discusses material changes to this brochure since our last annual update made on March 2, 2020. Since that date, we have made the following material changes:

- Our firm receives “soft dollars” benefits from TD Ameritrade through participation in the institutional advisor program. Items 12 and 14 of this brochure have been updated to reflect this change.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. A Summary of Material Changes is also included with our brochure on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for our firm is 125496. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new brochure as necessary based on changes or new information, at any time, and without charge.

Currently, our brochure may be requested free of charge by contacting Michael L. Marvin, CFP®, President of TAM, at 410-349-4484 or by e-mail to [mmarvin@tamfinancial.net](mailto:mmarvin@tamfinancial.net). Our brochure is also available on our web site, [www.tamfinancial.net](http://www.tamfinancial.net), free of charge.

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## Item 4 – Advisory Business

**TAM is a financial planning and investment management firm in business since 2004.** We are registered as an investment advisor with the SEC. Our firm offers a variety of advisory and financial planning services including, but not limited to, retirement, education and estate planning, small business retirement plan development and other small business strategic services, and supervisory investment management services.

The information contained in this brochure describes our investment advisory services, practices, and fees in further detail. Please refer to the description of each investment advisory service we offer below for information on how we tailor our services to the needs of our clients. As used throughout this firm brochure, the words “we,” “our,” “firm,” “TAM,” “TAM Financial,” and “us” refer to TAM Financial Advisors, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

**TAM is wholly owned by Michael L. Marvin, CFP®, its sole principal and President.** Mr. Marvin was born in 1962 in the State of Washington. He holds a Bachelor’s Degree from the University of Washington, awarded in 1985; a Master’s Degree from The Johns Hopkins University, awarded in 1998; and an Executive Financial Planning certification from Georgetown University, awarded in 2003. In addition to being President of TAM since 2004, Michael was President of The Business Council for Sustainable Energy from 1996-2004, served as the Director of Governmental and Legislative Affairs for the American Wind Energy Association from 1990-1996, and served two Members of Congress as Legislative Director and Chief of Staff. More information regarding Michael’s business background and that of other investment advisor representatives of our firm is available in our Form ADV Part 2B brochure supplements (“brochure supplement”). A copy of the brochure supplement for the individual advisor(s) you work with at TAM will be provided to you prior to or at the time you engage our firm for services.

All employees of our firm who perform investment advisory functions are required to have an undergraduate degree, to have passed the Series 65 (or equivalent) examination, and either have or be working toward a Certified Financial Planner (CFP®) or Chartered Financial Analyst (CFA®) designation.

**TAM is a fee-only advisory firm.** TAM agrees to restrict its compensation solely and exclusively to the professional fees it receives directly from its clients for its advisory services. Whenever TAM recommends that a client purchase a specific security, insurance or financial product, or utilize the services of a specific custodian, TAM and its employees will not accept any sales commissions, prizes, vacations, trips, gifts or meals valued in excess of \$100 from those specific vendors, custodians, or service providers, except as noted in Item 12 of this brochure.

A description of each of our services is as follows:

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### Investment Management Services.

Our *investment management services* are tailored to each individual client's investment goals and needs. The needs considered include age, risk tolerance, health, employment status, financial goals, and current cash flow requirements, among others. TAM Financial does not have a template batch of portfolios, nor does it employ a "cookie cutter" approach. In consultation with the client, TAM develops an individualized Investment Policy Statement for each client that outlines the manner in which a client's assets are to be invested. Clients are free to impose restrictions on investing in certain securities or types of securities, and that issue is addressed in each client's Investment Policy Statement. We will then manage your portfolio and assets on an ongoing basis in accordance with the Investment Policy Statement. Your unique Investment Policy Statement will be formally reviewed periodically, but no less than annually by our firm, in consultation with the client.

### Financial Planning Services - Personal Retirement Plans and Personal Financial Plans.

We also offer *personal retirement plans* and *personal financial plans*. These planning services may, at our discretion, be included within our *investment management services* and may be made available separately to clients, either on a one-time or annual basis.

A *personal retirement plan* usually includes, but is not necessarily limited to: quantification of goals and objectives; confirmation of planning assumptions; detailing client assets, liabilities, savings contributions, and net worth; estimating retirement expenses and income; completing various scenarios that allow client flexibility with respect to tax rates, inflation, investment return, retirement age, age at death, and more; and conducting Monte Carlo analyses on most likely retirement scenarios. It may also include reviewing existing investments for appropriateness given time horizon and risk profile.

A *personal financial plan* includes all of the elements of a personal retirement plan as well as: a review of education costs and savings options; an analysis of asset and family protection with a review of life, disability, liability, home, and long-term care insurance (review of any existing policies and/or recommend policies, if needed); an examination of debt and liabilities; a review of stock options (if any); a review of estate planning documents, including will, durable power of attorney for health care, advance medical directive, various trusts as needed; and an examination of other unique circumstances deemed important to the client.

### Pension Consulting Services.

We offer *pension consulting services* to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review, investment policy statement formulation and adherence review/monitoring, asset allocation advice, non-discretionary investment management services (as described above), investment performance/expense monitoring and benchmarking studies, on-going consulting, compliance, vendor selection and interviewing assistance, and other related communication

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and education services. Upon request, we will assist the plan sponsor in providing meaningful information, education, and seminars regarding the retirement plan and general investment concepts to plan participants.

NOTE: Certain clients/plans we may provide services to are regulated under the Employee Retirement Income Securities Act of 1974 (“ERISA”). We will provide pension consulting services to the plan sponsor and/or fiduciaries as described above for the fees set forth in Item 5 of this brochure. The consulting services we provide are advisory in nature. In providing services to any plan and its underlying participants, our status is that of an investment adviser registered with the SEC. We are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting as a fiduciary of the Plan as defined in Section 3(21) under ERISA, only. In all cases, our status as a fiduciary under ERISA is clearly disclosed in a written advisory agreement. If there is any discrepancy between the disclosures in this paragraph and the advisory agreement, the advisory agreement shall govern.

We generally offer advice on investments in equity securities (stocks), corporate debt securities (bonds), commercial paper, municipal securities, investment company securities (e.g., mutual funds, variable annuities, variable life insurance, etc.), options, United States government securities, and exchange traded funds (ETFs). We may also offer the client investment advice regarding (i) any legacy assets that pre-exist the client’s engagement of our firm and (ii) other types of securities or non-securities based assets as may be specifically requested by the client.

We do not participate in or sponsor any wrap fee program(s).

As of December 31, 2019, TAM managed approximately \$113,271,872 of client assets on a discretionary basis and \$7,960,895 of client assets on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

**The specific manner in which our fees are charged is established in a written advisory agreement with the client.** A description of the fees applicable to each of our advisory services is as follows:

#### Investment Management Services.

TAM will generally bill its investment management advisory fees quarterly in arrears, based on the market value of the assets under management in your account (as determined by the independent qualified custodian) on the last day of the previous quarter in accordance with the below fee schedule. Our advisory fees shall be prorated for each capital contribution of \$100,000 or greater made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

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## INVESTMENT MANAGEMENT FEE SCHEDULE

| <u>Asset Under Management</u>        | <u>Quarterly Fee/ Annual Fee</u> |
|--------------------------------------|----------------------------------|
| First \$1,000,000.....               | 0.25 % /1.00 %                   |
| Next \$1,000,001 to \$2,000,000..... | 0.20 % /0.80 %                   |
| Over \$2,000,001.....                | 0.15 %/0.60%                     |

*Investment management* clients typically authorize our firm and the independent qualified custodian(s) of the client's account(s) in writing to withdraw our advisory fees from the client's account(s) and then electronically transfer these fees to TAM. In the case of direct fee deduction, clients are issued a courtesy invoice followed by a 15-day period to raise questions or disputes before our advisory fees are withdrawn. TAM may also offer investment management clients the option of traditional direct paper or electronic invoicing of its advisory fees.

TAM's advisory fees are dependent on the scope of work and amount of time invested in managing the client's assets. Fees for (1) investment management services, and (2) managing investment advisory accounts not involved in such investment supervisory services are charged quarterly in arrears as a percentage of assets under management (see fee schedule above).

### Financial Planning Services – Personal Retirement Plans and Personal Financial Plans.

Fees for one-time or annual *personal financial planning* or *personal retirement planning* are charged either hourly or as a flat rate, and all terms of such engagements are set forth in a written advisory agreement with the client. Our hourly fee is typically \$300. Flat fees for the development of a personal financial or retirement plan typically range between \$2,500-\$5,000, depending on the complexity of a client's financial situation or a client's desire for additional analysis. Flat fees are negotiated with the client in advance of the delivery of services and are agreed to in our written advisory agreement with the client.

### Pension Consulting Services.

Our fees for pension consulting services may consist of fixed fees (typically ranging from \$1,000 - \$10,000 annually), hourly charges (typically ranging from \$150 - \$300 per hour) and/or asset based advisory fees based on a percentage of the market value of the plan's assets (in accordance with the fees for investment management services described above). All fixed and hourly fees are invoiced to the client and are payable quarterly, in arrears within 15 days from the date of the invoice. Asset based advisory fees will be withdrawn from the client's account(s) (on the client's written authorization for such direct fee withdrawals) and then electronically transferred to TAM. In the case of direct fee deduction, clients are issued a courtesy invoice followed by a 15-day period to raise questions or disputes before our advisory fees are withdrawn. TAM may also offer pension consulting clients the option of traditional direct paper or electronic invoicing of its asset based advisory fees.

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The specific fee structure and rate applicable to the client's account will vary based upon the nature of the pension consulting services selected, complexity of the engagement, and our expectation of the time and firm resources necessary to provide services to the client, among other factors. Fees may vary outside the typical ranges stated above.

**Clients may terminate any of TAM's investment management, financial planning or pension consulting services at any time and for any reason on written notice to TAM.** Upon termination of any account, any prepaid but unearned fees will be promptly refunded, and we will waive 100% of any earned but unpaid fees incurred by the client during the terminating billing period. In general, all of our advisory and planning fees are charged in arrears; no fees are charged or paid in advance of services provided, and clients may decline payment if TAM Financial does not provide satisfactory product or service (in accordance with written contract).

All fees are subject to negotiation and certain clients may pay fees which vary from our typical fee rates and fee ranges disclosed above. While we believe our fees to be fair and reasonable, clients are advised that similar services may be available for a lower cost.

**TAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be borne by the client.** Clients may incur certain charges imposed by custodians, brokers, third party money managers, and other third parties service providers such as advisory fees, custodial/brokerage fees and commissions, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund transfer fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds may also charge internal fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are separate and in addition to TAM's advisory fees. TAM does not receive any portion of these commissions, fees, and costs. Clients have the option to purchase investment products that TAM recommends through brokers or agents that are not affiliated with our firm.

**TAM is a fee-only advisor.** Except as set forth in Item 12, neither the firm nor its employees accepts any gifts, incentives or other financial remuneration for the recommendation or purchase of any securities, insurance products, or services. TAM is committed to its fiduciary relationship with its clients.

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

TAM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Accordingly, the firm does not engage in side-by-side management (simultaneous management of accounts subject to performance-based fees and accounts not subject to such fees).

### **Item 7 – Types of Clients**

TAM provides *financial planning, investment management and pension consulting services* to



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individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, and other U.S. and international institutions.

Generally, TAM only accepts clients with more than \$1,000,000 in assets under management but may accept clients with lower assets under management at its sole discretion.

The minimum annual fee for *investment management* and ongoing (annual) comprehensive financial planning services is usually \$10,000, although fee minimums may be negotiable at TAM's sole discretion, based on client circumstances, prior arrangements with TAM, and any other factors TAM may consider to be relevant.

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

TAM believes a diverse portfolio of investments is the central component to mitigating—but not eliminating—market risk associated with investing. Portfolio design and asset allocation are the most important components to manage risk over the long term, and asset allocation is a core part of TAM's strategic approach.

Beyond asset allocation, other investment factors that TAM considers include, but are not limited to, minimizing total portfolio expenses and maximizing tax efficiency.

TAM works primarily with moderate and conservative investors and is generally not suited for any client with an aggressive investor profile. The company employs a variety of risk mitigation methodologies, including the use of options (calls and puts), to reduce the volatility of a client's portfolio. The use of options—even in a more defensive way—is not a tool for all investors, and TAM works with institutional clients where the use of any options is prohibited in the Investment Policy Statement.

TAM believes that dividends are a critical component of total portfolio return. Total return is defined as after-tax, after-inflation returns, and dividends have represented nearly 40% of total S&P 500 returns since 1950. In most portfolios, total return includes dividends, interest and any capital gains; in portfolios that include “covered call” options, an additional revenue stream is created.

TAM also generally subscribes to a mean reversion theory of investing to identify companies, sectors and asset classes that have more or less attractiveness relative to their historical valuations. This has been described as a value-oriented approach to investing, as has been outlined in detail in *Security Analysis* by Benjamin Graham and David Dodd (1934).

All investment philosophies carry the risk of capital loss. Some of the risks may include, but are not limited to, the following: there is no assurance that a company or sector will return to historical valuations; macroeconomic conditions could lead to a decrease in the value of equities or bonds in all sectors; a change in valuations could be a sign a company or sector

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no longer has the prospects it once did; reversion to the mean can take longer for different asset classes, and the duration for each cycle can vary widely; and external forces (such as changes in government regulation) could permanently alter valuations.

**Investing in securities involves risk of loss that clients should be prepared to bear.** TAM's strategy involves the active trading of securities. Frequent trading can affect investment performance, particularly through increased brokerage and other transactions costs and taxes.

### **Item 9 – Disciplinary Information**

As a registered investment advisors, TAM is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the firm or the integrity of its management personnel. TAM has no information to disclose that is applicable to this Item.

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

TAM and its Principal, Michael L. Marvin, CFP®, have no other financial industry activities or affiliations. TAM is a fiduciary to its clients and does not engage in activities or affiliations that create any conflict of interest.

TAM offers a suite of fee-only financial planning services that includes, but is not limited to, retirement, education financing, business strategic development, estate planning, and more.

As described above, TAM is a fee-only advisory firm. Except as set forth in Item 12, TAM restricts its compensation solely and exclusively to the professional fees it receives directly from its clients for professional services rendered to its clients.

### **Item 11 – Code of Ethics**

TAM has adopted a Code of Ethics (“Code”) for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, and restrictions on the acceptance of significant gifts and personal securities trading procedures, among other things. All supervised persons at TAM must acknowledge the terms of the Code annually, or as amended.

TAM anticipates that, in appropriate circumstances, and consistent with clients' investment objectives, it will cause accounts over which TAM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which TAM, its affiliates and/or clients, directly or indirectly, have a position of interest. TAM's employees and persons associated with TAM are required to follow TAM's Code. Subject to satisfying this policy and applicable laws, officers, directors and employees of TAM and its affiliates may trade for their own accounts in securities which are

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recommended to and/or purchased for clients.

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

Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of TAM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code to reasonably prevent conflicts of interest between TAM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with TAM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. TAM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

TAM Financial Advisors' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Michael L. Marvin, CFP® using the contact information found on the cover page of this brochure.

Securities purchased for clients are purchased simultaneous with or prior to any purchases made by TAM's principal in accordance with TAM's compliance manual (copy available upon request). Securities sold for clients are sold simultaneous with or before securities sold for TAM's principal.

It is TAM's policy that it will not affect any principal or agency cross securities transactions for client accounts. TAM will also refrain from cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

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### Item 12 - Brokerage Practices

TAM typically recommends that its clients engage TD Ameritrade, Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer, as the primary custodian and executing broker for their accounts. The use of a single custodian may mean that not all individual transactions will receive the best execution. TD Ameritrade is a discount broker that generally offers lower-than-average commissions and fees, but it is possible that other brokers may still offer lower fees and commissions.

There are several factors that TAM considers when recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions), including price, execution capabilities, and investment selection. TAM may have an incentive to select or recommend a broker-dealer based on our interest in receiving research or other products and services (as described in this Item 12), rather than on our clients’ interest in receiving most favorable execution. TAM does not receive any client referrals from broker-dealers.

TAM participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade that offers independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. TAM also receives some “soft dollar” benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14 below.)

Generally, in addition to a broker’s ability to provide “best execution,” we may also consider the value of “research” or additional brokerage products and services a broker-dealer has provided or may be willing to provide in exchange for directing client transactions for execution through such broker. This is known as paying for those services or products with “soft dollars.” Many of the services or products could be considered to provide a benefit to the firm, because we do not have to produce or pay for the research, products or services. Because of this, and because the “soft dollars” used to acquire them are client assets, the firm could be considered to have a conflict of interest in allocating client brokerage business: it could receive valuable benefits by recommending or selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

The firm’s use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a “safe harbor” for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commissions or other fees paid

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is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided to our firm. In making this determination, we typically consider the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

**Research and Brokerage Products and Services.** “Research” products and services we may receive from broker-dealers may include economic surveys, data, and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions and perform functions incidental to transaction execution. We generally use such products and services in the conduct of our investment decision-making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

**Other Uses and Products.** TAM may use some products or services not only as “research” and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution), but for our administrative and other purposes as well. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable to making investment decisions and executing transactions is paid with commission dollars and we bear the cost of the balance. Our interest in making such an allocation differs from clients’ interest, in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that the firm must pay directly.

**Mutual Fund Transactions.** Although shares of no-load mutual funds can be purchased and redeemed without payment of transaction fees, we may, consistent with our duty of best execution, determine to cause client accounts to pay transaction fees that may be higher than those obtainable from other broker-dealers when purchasing shares of certain no-load mutual funds through TD Ameritrade in order to obtain “research.” This research may not be used for the exclusive benefit of the clients who pay transaction fees in purchasing mutual fund shares.

**Amount and Manner of Payment.** A broker-dealer through which the firm wishes to use soft dollars may establish “credits” arising out of brokerage business done in the past, which may

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be used to pay, or reimburse the firm for, specified expenses. In other cases, a broker-dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate it. The actual level of transactional business the firm does with a particular broker-dealer during any period may be less than such a suggested level, but may exceed that level and may generate unused soft dollar “credits.” We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

We do not maintain the discretionary authority to determine the broker-dealers and/or custodians with whom orders for the purchase or sale of securities for client accounts are to be placed or the commission rates to be charged in connection with such transactions. Our firm routinely recommends that clients direct us to execute trades through TD Ameritrade. Where the client directs us to use a broker or dealer other than TD Ameritrade for execution of transactions (i.e., client directed brokerage), you are advised that TAM may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money than other arrangements. For example, in a directed brokerage account, the client may pay higher brokerage commissions because TAM may be unable to aggregate orders to reduce transaction costs or to negotiate reduced commissions, or the client may simply receive less favorable prices for specific securities transactions.

We do not direct brokerage business to any broker in exchange for client referrals.

**Block Trading.** TAM uses aggregate, or “block,” trading (i.e., combining orders for multiple clients’ accounts into a single order) when it believes one or more of its clients has a need in the client’s asset allocation. When one or more block trades have been placed, the securities bought or sold are allocated across client accounts based on the needs of each client’s portfolio, consistent with the allocation percentages identified in each client’s Investment Policy Statement.

### **Item 13 – Review of Accounts**

All accounts are reviewed at least weekly by the firm’s principal, Michael L. Marvin, CFP®. All accounts are further reviewed on a quarterly basis for tax-triggering dates, asset allocation and diversification objectives, and other factors. More frequent reviews of client accounts may be triggered by a change in the client’s investment objectives; risk/return profile; tax considerations; large contributions and/or withdrawals; large sales or purchases; security specific events; or changes in the economy more generally

Mr. Marvin contacts clients by telephone, regular mail or electronic mail no less frequently than once per quarter. Most clients are contacted on a more frequent basis with updates on their accounts and on progress toward their short- and long-term goals and objectives. Clients are always welcome to contact TAM with questions, concerns or other feedback. TAM limits the total number of clients to ensure frequent and personalized communications with



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all of its clients.

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

TAM does not compensate, nor does it receive compensation, for client referrals to or from any other individual or company.

As disclosed under Item 12 above, TAM participates in TD Ameritrade's institutional customer Program and TAM may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although TAM receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to TAM by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by TAM's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help TAM further develop its business enterprise. The benefits received by TAM or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, TAM endeavors at all times to put the interests of its clients first.

Clients should be aware, however, that the receipt of economic benefits by TAM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

### **Item 15 – Custody**

Other than having the ability to deduct advisory fees from client accounts, TAM does not have custody of client funds or securities and shall have no liability to the client for any loss or other harm to any property in the account. This includes any harm to any property in the account resulting from the insolvency of TD Ameritrade (or any other custodian) or any acts of the agents or employees of the custodian, whether or not the full amount or such loss is covered by the SIPC or any other insurance which may be carried by the custodian. Clients

## TAM Financial Advisors

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understand that SIPC provides only limited protection for the loss of property held by a broker-dealer.

Clients should receive at least quarterly statements from the custodian that holds and maintains the client's assets. TAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should always rely on the account statements provided by the custodian for the most accurate valuation of their account. Please contact us immediately if you have any questions about the account statements provided by our firm or the Custodian.

### **Item 16 - Investment Discretion**

TAM usually receives discretionary authority from the client at the outset of an *investment management* advisory relationship to select the identity, timing, and amount of securities to be bought or sold for the client's account and risk without obtaining the specific consent of the client for each transaction. Financial planning and pension consulting engagements are non-discretionary in nature, meaning the client retains sole authority to accept or reject any of our financial or retirement planning recommendations and to determine the manner, timing, and service providers to be used in implementing any of the same. Clients are not obligated to engage TAM for implementation of any financial planning or retirement planning advice.

When selecting and recommending securities and the amounts of securities to be bought or sold, TAM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, TAM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Your investment guidelines and restrictions must be provided to TAM in writing. Limits on purchases and amounts are agreed upon with clients and confirmed on at least an annual basis.

### **Item 17 - Voting Client Securities**

As a matter of firm policy and practice, TAM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

TAM may provide advice to clients regarding the clients' voting of proxies upon request. TAM clients will receive their proxies or other solicitations directly from their custodian or transfer agent.



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### **Item 18 – Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about TAM's financial condition.

TAM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and has no financial commitment or condition that impairs its ability to meet contractual and fiduciary commitments to clients.

TAM has never been the subject of a bankruptcy proceeding.