

# A Summary of your Advisory Relationship with BEACON FINANCIAL ADVISORS, LTD.

FORM CRS – CLIENT RELATIONSHIP SUMMARY (FORM ADV PART 3)

JUNE 2020

BEACON FINANCIAL ADVISORS, LTD. ("BEACON") – REGISTERED WITH THE U.S. SEC AS AN INVESTMENT ADVISOR

Fees and services for Investment Advisors (like BEACON) and Brokerages (broker/dealers) differ and that is important for you to understand. Free and simple tools including videos are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers, Investment Advisors, and investing.

## 1. What investment services and advice can you provide me?

BEACON offers investment advisory services to retail investors. Our *investment advisory* services are coupled with our *financial planning* services because we contend your financial life is integrated and good decisions consider the whole. Our financial planning services are the *quantitative* part of your investment policy, and our investment advisory services are the *qualitative* part. We recommend reading our service briefs ("briefs") [Your INTEGRATED Financial Life...Beacon's Approach](#), and [Beacon's Version of the Ideal Client](#), and [WHO We Are & WHAT We Do](#). Our investment advisory services are performed on a *discretionary* basis with authority you grant us, meaning we perform the implementation and ongoing *monitoring* of your investments consistent with the investment policy we help you prepare. We use no-load mutual funds (mostly institutional share class) in what we call [The "Nuts & Bolts" of Our Investing Approach](#). BEACON's more complete description of our services and advice can be reviewed in our ["Brochure"](#) under Advisory Business (p. 1) and Types of Clients (p. 9).

### ***"Given my financial situation, should I choose an investment advisory service? Why or why not?"***

Our brief about our [ideal client](#) helps you assess if our services and fees are appropriate to your financial situation. You need to understand investing in risk assets (e.g. mutual funds invested in stocks, bonds, etc.) is different from savings like bank accounts, and be willing to commit to a risk/reward approach to investing. Our review of your financial situation helps BEACON recommend an investment advisory service. We seek to closely align interests between you and us concerning our role in your securities transactions as this incentivizes us to focus on your financial life goals. We recommend reading our brief [What Makes Beacon Distinctive?](#) for added insights about this important decision.

### ***"How will you choose investments to recommend to me?"***

Our investment recommendations to you follow a thorough evaluation of your financial life goals including your financial resources and objectives (*quantitative*) and a joint completion of your investment policy statement (*qualitative*). The investments will consist of no-load, institutional share mutual funds and are diversified among several distinct asset classes—[balanced, global investing](#) is our preferred term. The allocation of your investments in the mutual funds and asset classes will be based on your risk-tolerance, that is how much stocks, bonds, etc. in % terms = 100%. Of note to you and consistent with our [culture of aligned interests](#), each BEACON advisor and employee invests our own money just like we do yours—we ["eat our own cooking."](#)

### ***"What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?"***

Our advisor's entire careers have been in financial services or closely related business professions including accounting or banking. As investment advisors our advisor's careers began in 1983 and 2007 respectfully. A summary review of our advisors professional charters, licenses, degrees and education can be viewed at [Beacon's Advisors](#) and these include [CFA \(Chartered Financial Analyst\)](#), [Certified Financial Planner \(CFP\)](#), [Certified Internal Auditor \(CIA\)](#), and Masters in Business Administration (MBA). Our ["Brochure Supplement"](#) (Part 2B of Form ADV) summarizes what these mean (p. 29-32). Each of these required several years of study including classroom or self-study followed by the completion of comprehensive examinations required to pass. In summary, our advisors experience and other qualifications offer you objective evidence of our professional competence.

## 2. What fees will I pay?

BEACON does not sell any securities or insurance products. Our fees are based on the assets we manage for you and you pay us directly (fee-only) each quarter calculated on your Fee-For-Service Schedule. We receive no other fees. Our brief [What Does It Cost To Work With Beacon?](#) describes our fee schedule and compares/contrasts our fees with industry alternatives, and emphasizes our "value-added" service model that includes investment advisory services and financial planning. Mutual funds have operating expenses that are netted out of the return on your investments, and broker/dealers sometimes charge transactions fees to purchase/sell mutual funds. We discuss these as well in this brief.

### **You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.**

Our ["brochure"](#) includes detailed information about our fees you pay us directly each quarter, and the operating expenses of our recommended no-load mutual funds and transaction fees (if applicable) assessed by the broker/dealer that has custody of your investments.

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***“Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much does your firm make money and what conflicts of interest do you have?”***

Our fee schedule is tiered and the applicable % is reduced for larger investment balances and this is normal industry practice and our [ideal client brief](#) and [“brochure”](#) describe our minimum account size for new clients. Hypothetically for \$10,000 our fee is 1%, or \$100 (direct). If one of our recommended no-load **mutual funds** with an institutional share class has an **operating expense** of 0.52% or about \$52, the mutual fund operating expense is a “net” charge from your return (indirect). The **broker/dealer transaction fee** to buy the mutual fund ranges from \$0 to \$18 (direct). Our fee is assessed quarterly, and the broker/dealer transaction fee is a single one-time fee, both totaling \$118 in direct fees. So, on a \$10,000 investment total fees and costs are about \$178, and your initial net investment is \$9,882. BEACON does not receive any share of the mutual fund operating expenses or broker/dealer transactions fees so we have *no* conflict of interest. You will not pay a custodian fee to the broker/dealer.

### **3. What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. We make money by the fees you pay us based on our tiered fee schedule, so we do better when you do better, but our fees are assessed regardless so this is a conflict of interest. The more assets you have the more you will pay in our fees yet on a tiered fee schedule. We seek to align our interests as closely as possible to yours, and we consider alignment of interests closely when we select mutual fund investments for you. Without exception our mutual fund partners’ key managers and owners have a substantial financial investment alongside fund shareholders including BEACON’S clients. In that we accept no other compensation but the fees you pay us directly, we believe our interests are closely aligned with yours. For more about aligned interests we recommend our briefs [Beacon’s Culture of Aligned Interests](#) and [Putting Clients First...Whether They Like It Or Not!](#)

***“How might your conflict of interest affect me, and how will you address them?”***

As addressed above we strive to avoid and/or lessen conflicts of interest with you. If a conflict of interest arises like in the example above, if you withdraw money to make a non-investment purchase, we adjust our fees on the next quarterly fee. In that BEACON offers you financial planning services we can assist you in assessing the overall financial impact of your financial alternatives.

### **4. How do your financial professionals make money?**

BEACON receives fees paid directly by our clients to the firm as our sole source of revenue. Our financial professionals are compensated based on a salary plus a share in firm profits. We receive no other sources of money including commissions, referral fees, etc. nor do we accept entertainment or gifts offered by third parties. BEACON is independent of any broker/dealer or mutual funds we recommend.

### **5. Do you or your financial professionals have legal or disciplinary history?**

No. This is disclosed in our Form ADV Part 1 (Item 11 of Part 1A) and [“Brochure”](#) (Part 2 [Item 9 of Part 2A]) including the disclosure none or our financial professionals have ever declared personal bankruptcy.

***“As a financial professional, do you have any disciplinary history? For what type of conduct?”***

No, as described and referenced above. You can telephone BEACON at 713.622.9981 anytime to request up-to-date information including obtaining a copy of our CRS.

***“Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”***

BEACON fosters a team-approach as our advisors and support staff collaborate together and, as applicable, with other of your professionals (e.g. attorney, CPA) to assure continuity of advice and service to you. Our commitment to a collaborative approach requires we apply our competitive advantages to service a targeted, specified client base constituting those clients who would most benefit from our services. You benefit from our collaborative, team-oriented approach with enhanced accuracy and timely service delivery. We recommend our briefs [Beacon on Client Service: Teamwork?](#) and [Beacon’s Competitive Advantages](#).

Marcel J. Hebert is the primary contact person at BEACON and he is an investment advisor representative of BEACON and serves as BEACON’S Chief Compliance Officer. Marcel is supported in serving you by his advisory associate Joshua J. Hebert as well as his administrative associates Erica Avila and Milissa Hebert. None of our employees are representatives of any broker-dealer as we are an independent financial adviser.

If ever you have concerns about how you are being treated, you can contact Marcel directly at 713.622.9981 ext. 12.