

# Sierra Financial Advisory Relationship Summary

03/23/2024

## Item 1: Introduction

- A. Sierra Financial Advisory, Inc. (SFA) is a registered investment advisor. SFA is registered with the Securities and Exchange Commission (SEC). SFA was incorporated in 2004 by the current owner and sole shareholder, Joe Tomkiewicz. Brokerage and investment advisory services differ in how fees are charged and how the advisor is compensated. It is important that the investor understands the differences. Sierra Financial Advisory is supervised by FINRA and utilizes account custodians that are Security Investor Protection Corporation, SIPC, members.
- B. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers, and investing.

## Item 2: Relationships and Services

- A. **What investment services and advice does SFA provide?**
- B. Sierra Financial Advisory offers investment advisory services on a discretionary basis. This means that SFA will buy and sell on behalf of clients and is a fiduciary, acting in the best interest of clients. SFA does not have the ability to move funds in or out of client accounts without the client's signed instruction. SFA also provides financial planning for clients. Portfolios are monitored regularly and portfolio allocations are assessed at least semi-annually. SFA has no proprietary products to sell and utilizes custodians that offer a wide variety of investments. Investment Advisor representatives of SFA may also be insurance agents and may offer products to clients on a non-discretionary basis. These products usually pay a commission. A Minimum portfolio size for fee-based advisory management is \$500,000 per client or household. This minimum is a total aggregate of assets to be managed and is not a required balance for each individual client account. SFA may accept clients with less than \$500,000 of investable assets on a case by case basis. A full description of services and fees and clients of SFA can be found in Items 4 and 7 of Disclosure Brochure ADV.

### Questions to ask your Registered Investment Advisor:

1. "Given my financial situation, should I choose an investment advisory service? Why or why not?"
2. "How will you choose investments to recommend to me?"
3. "What is your relevant experience, including your licenses, education, and other qualifications? What do those qualifications mean?"

## Item 3: Fees, Costs, Conflicts, and Standard of Conduct

Advisory Fees: Continued services for periodic portfolio review and updating, periodic financial plan review, newsletters, periodic financial advice, and account processing activities. Compensation for this service is based on a percent of assets under management, to be billed quarterly. For accounts with Charles Schwab as custodian, fees are charged in arrears of service. For accounts with LPL Financial as custodian, fees are charged in advance of service. The fee schedule is disclosed below and on the advisory agreement. Fees are deducted from the accounts under management when possible. In the event that fees cannot be conveniently deducted from an account, an invoice for the fees will be sent to the client for payment by check. At the initial conference with the client, an agreement will be completed stating the type of service to be rendered, the structuring of the fee, and the amount to be paid. A copy of the required brochure or ADV and disclosure material will be delivered by SFA to the client either in hard copy or digital form.

The standard fee schedule as of 01/01/2024 is:

Value of Invested Assets*	Quarterly Fee	Annualized Rate
Up to \$100,000	0.375%	1.50%
\$100,001 to \$2,500,000	0.25%	1.00%
Over \$2,500,001	0.15%	0.60%

SFA does not charge fees in addition to the schedule agreed upon by SFA and the fee-based client. However, additional costs to the client may include fees charged by the custodian for accounts held at their firm. These may include stock transaction fees, mutual fund transaction fees and early withdrawal penalties, annual maintenance fees, and special request fees such as money wires by fed funds. SFA utilizes Charles Schwab Institutional and LPL Financial as custodians for fee-based accounts. For fee-based accounts, there are no loads or commissions charged on mutual fund purchases. Funds that normally charge an up-front commission waive the fee for institutional clients. Each fund has its own set of operating expenses to support each fund's management team and business structure. Fund fees vary greatly from fund to fund. The client will not see these fees deducted from their portfolio as they are taken from fund investments before net returns are calculated and reported by the fund. However, the client of SFA still pays

for these fees through their investment portfolio and these fees are in addition to the fees charged by SFA. SFA attempts to minimize ancillary fees charged by a custodian and will make recommendations to that effect. Although SFA recommends Charles Schwab Institutional or LPL Financial, SFA is also capable of managing accounts held at other firms. SFA does not receive perks or incentives for utilizing and recommending Charles Schwab Institutional or LPL Financial. More information can be found in Disclosure Brochure ADV. Clients will pay fees and costs whether accounts make or lose money on investments. Fees and costs will reduce any amount of money that is made on investments over time.

**Commissions:** In the course of business, investment advice may be provided on a non-fee basis with the compensation for such activity from sales commissions only. Normally, an advisory fee is not charged on assets that create a commission. Advisory fees, however, will be charged when consideration must be given to the breadth or depth of the service provided that goes beyond that required for transaction compensation by commission. At the initial conference with the client, an agreement will be completed stating the type of service to be rendered, the structuring of the fee, and the amount to be paid. A copy of the required brochure or ADV and disclosure material will be delivered by SFA to the client. Typically, a commission based product is recommended and used when the product has been determined by SFA to be suitable for the client and is only offered on a commission basis such as fixed annuities or long-term care insurance contracts. For insurance business, Investment Advisor Representatives of SFA are licensed in CA, WA, OR and AZ and may only conduct such business in those states for insurance business unless additional licensing is obtained. When a commission product is recommended, the client will be presented with and will be required to sign disclosure documentation as to the fees, surrender charges, and restrictions of the product in question.

**Questions to ask your investment advisor:**

1. "Help me understand how these fees and costs might affect my investments."
2. "If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?"

At SFA, when we act as your investment advisor, we have to act in your best interest and do not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you.

A conflict may exist when a financial plan is presented to the client that includes investment recommendations that may be managed by SFA. Although SFA only provides financial planning services to those who intend to become advisory fee paying clients of SFA, the client is under no obligation to act upon the recommendations of Sierra Financial Advisory. If the client decides to implement any or all of the recommendations, the client is under no obligation to effect the implementation through SFA.

Business transacted by insurance companies with an Investment Advisor of SFA as agent, compensate SFA on a commission basis. When a commission-based product is recommended to the client, this may pose a conflict of interest to SFA and its agents, as commissions are usually paid up front and therefore offer a strong short-term incentive versus an ongoing fee arrangement.

**Question to ask a financial professional:** "How might your conflicts of interest affect me, and how will you address them?"

More detailed information regarding conflicts of interest can be found in Disclosure Brochure ADV, item 10.

**How do financial professionals make money?**

Advisors at SFA earn a salary that is not performance or commission based. Ultimately, these salaries are drawn from the advisory fees earned from managing client accounts or from commissions paid through insurance products.

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

Yes. More information can be found at [Investor.gov/CRS](http://Investor.gov/CRS).

**Questions for your financial Advisor:** "Do you have any disciplinary history? If so, for what type of conduct?"

**Item 5: Additional Information**

Additional information about SFA can be found on our website [www.sierrafinancialadvisory.com](http://www.sierrafinancialadvisory.com). You may receive additional copies of the Relationship Summary by calling our office at 800-969-8939.