



# HOWELL FINANCIAL ADVISORS, INC.

FEE-ONLY WEALTH  
MANAGEMENT SERVICES

## **Firm Brochure**

(Part 2A of Form ADV)

**HOWELL FINANCIAL ADVISORS, INC.**

**11495 North Pennsylvania Street**

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**Carmel, Indiana 46032**

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This Brochure provides information about the qualifications and business practices of HOWELL FINANCIAL ADVISORS, INC. HOWELL FINANCIAL ADVISORS, INC. is an investment advisory firm registered with the appropriate regulatory authorities. Registration does not imply a certain level of skill or training.

If you have any questions about the contents of this Brochure, please contact us at: (317) 877-8000, or email us at: BHOWELL@HOWELLADVISORS.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.

Additional information about HOWELL FINANCIAL ADVISORS, INC. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**March 27, 2017**

## Material Changes

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### **Annual Update**

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

The updated number of clients and assets managed by the firm as of December 31, 2016 is shown on page four of this document.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us at: (317) 877-8000 or by email: [bhowell@HowellAdvisors.com](mailto:bhowell@HowellAdvisors.com) or at the following address:

Howell Financial Advisors, Inc.  
11495 North Pennsylvania Street, Suite 235  
Carmel, Indiana 46032

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## Advisory Business

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### **Firm Description**

HOWELL FINANCIAL ADVISORS, INC., ("THE FIRM") was founded in 2004.

THE FIRM is an investment advisor providing both financial planning and investment advisory services (wealth management services) to individuals, trusts, estates, pension plans, charitable organizations, endowments, and other entities. The applicant conducts business at the following address:

11495 North Pennsylvania Street  
Suite 235  
Carmel, Indiana 46032

THE FIRM is strictly a fee-only financial planning and investment management firm. The firm does not sell any 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.

THE FIRM enters into a series of discussions with the client in order to obtain and analyze the client's financial resources and goals/objectives. THE FIRM then presents a report to the client with appropriate recommendations.

THE FIRM advises individual clients regarding both personal financial planning and investment management issues. A written evaluation of each client's initial situation is provided to the client, with the content defined by the scope of the engagement with the client. THE FIRM offers to assist the client with implementing the recommendations by working directly with the client and/or the client's other advisors. For ongoing wealth management clients, periodic reviews of financial planning and investment management issues take place along with any associated follow up activity. More frequent reviews might occur in the early stages of the client relationship, depending upon the client's circumstances and the scope of the engagement.

For investment management services, The FIRM prepares and reviews a written investment plan with the client. If THE FIRM is involved with implementing the recommendations in the plan or providing ongoing wealth management services, the client approves the recommendations in the plan, including the portfolio asset allocation and initial specific investment selections. THE FIRM does not act as a custodian for client assets. The client's assets are placed with an independent custodian (currently Charles Schwab & Co., Inc.), and the client receives periodic reports and trade confirmations directly from the custodian. The client always maintains asset control. THE FIRM places trades within the client account(s) under a limited power of attorney and has investment discretionary authority.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

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

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**Principal Owners**

William M. Howell is a 100% stockholder.

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**Types of Advisory Services****Financial Planning Services:**

For most client relationships, an initial financial plan is designed to help the client with aspects of financial planning as outlined in the engagement agreement with or without ongoing investment management services. THE FIRM and the client agree upon the scope of services to be provided and the associated fees through an engagement agreement. THE FIRM offers to consult with the client on a broad range of comprehensive financial planning areas including but not limited to retirement planning, cash flow analysis, employee benefits, estate and income tax planning, personal insurance issues, education funding, charitable and family gifting and other client needs. THE FIRM prepares a written report based upon client interviews and an analysis of financial data supplied by the client. The resulting report is reviewed with the client and THE FIRM offers to assist the client in implementing the report recommendations. THE FIRM is not required to verify any information supplied by the client and the client is under no obligation to act upon the recommendations by THE FIRM. For ongoing client relationships, THE FIRM will review client financial planning issues usually on an annual basis unless requested more frequently by the client due to special situations. Depending upon the scope of the engagement and client needs, fees for the initial financial planning services are provided on either an hourly basis (based upon a current hourly billing rate of \$200.00) or on a project fee basis (a fee range based upon estimated hours to complete the project and usually with a maximum not to exceed amount). A retainer of approximately 15% - 20% of the total fee is paid at the start of the engagement with the balance due immediately after the reports are presented to the client.

**Wealth Management and Investment Advisory Services:**

Ongoing discretionary investment/wealth management services and one-time, non-discretionary investment advisory services are provided based upon a written agreement between THE FIRM and the client. Both parties are free to terminate an ongoing relationship at any time. Under most circumstances, a written investment plan is prepared for the client's investment portfolio. THE FIRM also assists in preparing investment account paperwork, opening

accounts, transferring funds and offers assistance with implementing the recommendations in the investment plan. For ongoing discretionary investment/wealth management clients, additional services are provided by THE FIRM. THE FIRM reviews the accounts on a quarterly or more frequent basis and compares the accounts to the investment plan. The accounts are monitored for changes in approved investments, reinvestment of income, coordination with the client's tax planning and client distribution needs. Fees for one-time investment advisory services are based upon 0.5% of the investment assets reviewed with a \$1,500 minimum fee. Ongoing, discretionary wealth management/investment services are based upon the following annual flat retainer fee calculation (see below) with a \$5,000 minimum during a 12 month period. The annual flat retainer fee is billed on a quarterly basis in advance and initially based, in part, upon the value of the investment portfolio at the beginning of the client relationship as noted below:

Other factors having a bearing on the initial fee are the complexity of the client's situation; size and makeup of investments; types of family income and cash flow; and amount of ongoing financial planning issues. The fee will be evaluated periodically to take into consideration the amount of time and effort expended by the firm on specific client circumstances or with substantial changes in assets managed (i.e. new portfolio assets). The fee may periodically increase slightly based upon subsequent inflation in the firm's overall operating costs. Any retainer fee for a period of less than a full calendar quarter, either upon commencement or termination of the client relationship, will be prorated in accordance with the portion of the quarter to which the fee relates:

All ongoing investment advisory accounts receive a monthly report from the independent account custodian as well as transaction confirmations for all investment transactions effected by THE FIRM for the accounts. THE FIRM provides the client with a quarterly report which reflects the investment performance of the account and the holdings as of the end of the period. Clients authorize THE FIRM to debit their respective investment accounts for the ongoing quarterly wealth management flat retainer fee through an arrangement that THE FIRM has with the independent custodian. The client may also opt to pay the fee directly to THE FIRM.

For ongoing wealth management clients, THE FIRM furnishes periodic advice to clients on matters other than securities, which may include cash flow and account distribution matters, personal insurance, taxation issues, lifetime gifting strategies, education funding, and estate planning matters.

#### Separate Account Managers:

When appropriate and in accordance with the investment plan for a client, THE FIRM may recommend the use of one or more Separate Account Managers, each a "Manager". Having access to various Managers offers a wide variety of manager styles, and offers clients the opportunity to utilize more than one Manager if necessary to meet the needs and investment



objectives of the client. THE FIRM will select or recommend the Manager(s) it deems most appropriate for the client. Factors that THE FIRM considers in recommending/selecting Managers generally includes the client's stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The Manager(s) will be generally be granted discretionary trading authority to provide investment supervisory services for the portfolio. Under certain circumstances, THE FIRM retains the authority to terminate the Manager's relationship or to add new Managers without specific client consent. In other cases, the client will ultimately select one or more Managers recommended by THE FIRM. Fees paid to such Manager(s) are separate from and in addition to the fee assessed by THE FIRM.

In any case, with respect to assets managed by a Manager, THE FIRM's role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Manager(s), and to assist the client in understanding the investments of the portfolio.

#### Retirement Plan Advisory Services:

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. THE FIRM will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The particular services provided will be detailed in the consulting agreement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, THE FIRM will be considered a fiduciary under ERISA. For example, THE FIRM will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain THE FIRM to act as an investment manager within the meaning of ERISA § 3(38), THE FIRM will provide discretionary investment management services to the Plan. With respect to any account for which THE FIRM meets the definition of a fiduciary under Department of Labor rules, THE FIRM acknowledges that both THE FIRM and its Related Persons are acting as fiduciaries. Additional disclosure may be found

elsewhere in this Brochure or in the written agreement between THE FIRM and Client.

### Fiduciary Consulting Services

- *Investment Selection Services*  
THE FIRM will provide Plan Fiduciaries with recommendations of investment options consistent with ERISA section 404(c). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).
- *Non-Discretionary Investment Advice*  
THE FIRM provides Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding asset classes and investments.
- *Investment Monitoring*  
THE FIRM will assist in monitoring the plan's investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and THE FIRM will make recommendations to maintain or remove and replace investment options. The details of this aspect of service will be enumerated in the engagement agreement between the parties.

### Fiduciary Management Services

- *Discretionary Management Services*  
When retained as an investment manager within the meaning of ERISA § 3(38), THE FIRM provides continuous and ongoing supervision over the designated retirement plan assets. THE FIRM will actively monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, THE FIRM will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in our sole discretion without first consulting with the Plan Fiduciaries. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.
- *Discretionary Investment Selection Services*  
THE FIRM will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries. THE FIRM will have discretionary authority to make and implement all decisions regarding the investment options that are available to Plan Participants.

As of December 31, 2016, THE FIRM managed \$49,664,890 million in assets for approximately 54 wealth management clients. All assets are managed on a discretionary basis with none managed on a non-discretionary basis.

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### **Tailored Relationships**

The goals and objectives for each client are documented in financial and/or investment plans and are based upon the unique circumstances of each client. For ongoing wealth management clients, investment policy statements are created that reflect the client's stated goals and objectives for their individual investment portfolios. It is the responsibility of the client to advise THE FIRM if their circumstances change which may require a change in the way THE FIRM manages their accounts. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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### **Hourly Planning Engagements**

THE FIRM may on occasion provide hourly planning services for clients who need advice on a limited scope basis. The hourly rate for limited scope engagements is \$200.00.

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### **Asset Management**

Assets in client accounts are invested in a diversified portfolio of investments offered through the independent custodian/brokerage firm's investment platform. These investments may include the following: no-load or load-waived mutual funds and exchange-traded funds ("ETFs"); FDIC-insured certificates of deposit; money market funds; government, municipal and corporate fixed income securities; and selected individual equity securities. Fund companies charge each mutual fund shareholder an operating expense fee that is disclosed in the fund prospectus and deducted periodically from the assets of the fund. The independent custodian/brokerage firm may charge a small transaction fee for the purchase or sale of some funds. These expenses are in addition to the fees paid by clients to THE FIRM.

The custodian/brokerage firm may charge a fee for the purchase or sale of certain other securities in the client accounts. THE FIRM does not receive any compensation, in any form, from fund companies or the independent custodian/brokerage firm for purchase or sale activity.

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### **Termination of Agreement**

The aforementioned agreements will be ongoing and remain in effect until terminated. Either THE FIRM or the Client may terminate the aforementioned agreements at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the Client based on the number of days that the account was managed, and any fees due to THE FIRM from the client will be invoiced or deducted from the client's account prior to termination.

## Fees and Compensation

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### Description

Please refer to the above section entitled “Types of Advisory Services” for a description and explanation of the fees charged by THE FIRM.

Fees are generally *NOT NEGOTIABLE*. Existing clients may have fee arrangements that differ from the above fee descriptions.

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### Fee Billing

Please refer to the above section entitled “Types of Advisory Services” for a description of the fee billing arrangements.

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### Other Fees

The independent custodian/brokerage firm may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

THE FIRM, in its sole discretion, may waive its minimum fee and/or charge a different investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### Expense Ratios

As noted above, mutual funds generally charge an operating expense fee (which includes a management fee) for their services as investment managers. The operating expense fee is often called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% of the asset value for their services. All investors that own mutual funds will incur these fees, regardless of how or where the shares are purchased. These fees are in addition to the fees paid by the client to THE FIRM.

Performance figures quoted by mutual fund companies in various publications are after the operating expense fees have been deducted.

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### Right to Termination of Financial Planning Engagement

THE FIRM 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 when necessary and appropriate, in THE FIRM’s judgment, to providing proper financial advice. Any unearned portion of fees collected in advance will be refunded to the client.

## Performance-Based Fees

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### Sharing of Capital Gains

THE FIRM does not use a performance-based fee structure in which fees are based upon capital appreciation in the underlying value of the client account. Also, THE FIRM does not recommend investments which use performance based fees.

## Types of Clients

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### Description

THE FIRM provides financial planning and investment advice to individuals, trusts, estates, pension and profit sharing plans, charitable organizations, corporations, partnerships and small businesses.

Client relationships vary in scope and length of service.

### Account Minimums

THE FIRM generally requires an aggregate or household minimum account size of \$500,000 for ongoing wealth management client relationships. One-time financial planning or investment advisory clients do not have to meet this minimum requirement.

THE FIRM, in its sole discretion, may waive the account minimum and some current clients are exempt from this requirement. Accounts of less than the above minimum may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to the above minimum within a reasonable time. Other exceptions will apply to employees of THE FIRM and their relatives, or relatives or close friends of existing clients.

## 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.

Other sources of information that THE FIRM may use include the Morningstar Advisor Workstation stock, mutual fund and ETF informational database; Charles Schwab & Company's Advisor Services website research data, and the World Wide Web.

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## **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation utilizing individual investments within broad asset categories. We may use both active and passively-managed funds and exchange-traded funds. Portfolios are globally diversified to control the risk associated with traditional domestic markets. Also, an essential strategy is periodically rebalancing client portfolios to realign them towards the recommended target asset allocation ranges.

The investment strategy for a specific client is based upon the objectives stated by the client during our consultations. The recommended asset allocation for the portfolio is based upon a combination of factors important to the client such as distribution needs from the portfolio and length of the client's investment horizon. The client may change these objectives at any time. Each ongoing wealth management client executes an Investment Policy Statement that documents their objectives, the desired investment strategy and target asset allocation. It is the responsibility of the client to advise THE FIRM when their objectives and other factors known to them change and that could have a bearing on the strategies used by THE FIRM.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and covered option writing.

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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. They carry a higher risk of profitability than 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 increases the risk of 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.

## **Disciplinary Information**

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### **Legal and Disciplinary**

THE FIRM and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## **Other Financial Industry Activities and Affiliations**

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### **Financial Industry Activities**

THE FIRM is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

### **Affiliations**

THE FIRM does not have arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

# Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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## Code of Ethics

THE FIRM and its employees have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request. The ethical principles embodied by the firm include those of the CFP Board of Standards: Integrity, Full Disclosure, Objectivity, Competence, Fairness, Confidentiality, Professionalism and Diligence.

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## Participation or Interest in Client Transactions

THE FIRM and its employees, as a matter of policy, do not recommend to clients, or buy or sell for client accounts, securities in which the firm or its related persons has a material financial interest.

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## Personal Trading

THE FIRM does not buy or sell securities for its own account. However, employees of THE FIRM may buy or sell securities that are also held by clients. In these instances, employees may not trade their own securities ahead of client trades and their trades will be on the same basis as those of the clients. Employees must comply with all Federal and State regulations governing registered investment advisory practices. The Chief Compliance Officer of THE FIRM is William M. Howell. He reviews all employee trades each quarter. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

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# Brokerage Practices

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## Selecting Brokerage Firms

THE FIRM does not have any affiliation with product sales firms and does not maintain custody of client assets. Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Specific custodial recommendations are made to Clients based on their need for such services.

THE FIRM recommends that clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. The FIRM is independently owned and not operated or affiliated with Schwab. Schwab will hold client assets in recommended accounts and execute security trades when THE FIRM instructs them to. While THE FIRM recommends that you use Schwab as the custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.



THE FIRM considers independent custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. Other factors that we consider include: the combination of transaction execution services and asset custody services: capability to execute, clear and settle trades; capability to facilitate transfers and payments to and from accounts; breadth of available no-load investment products; availability of investment research and tools that assist us in making investment decisions; quality of service; competitiveness of the prices of those services and willingness to negotiate the price; prior service to THE FIRM and our clients; and availability of other products and services that benefit THE FIRM.

The brokerage transaction fees and other costs charged by Schwab or any other broker-dealer designated by the client are separate from and in addition to the fees charged by THE FIRM.

Schwab provides THE FIRM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them as long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon THE FIRM committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For THE FIRM's client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services (formerly called "Schwab Institutional") also makes available to THE FIRM other products and services that benefit THE FIRM but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of THE FIRM's accounts, including accounts not maintained at Schwab. Schwab products and services that assist THE FIRM in managing and administering clients' accounts include software and other technology that (1) provide access to client account data (such as trade confirmations and account statements); (2) facilitate trade executions and allocate aggregated trade orders for multiple client accounts; (3) provide research, pricing and other market data, (4) assist with back-office functions, recordkeeping, and client reporting.

Schwab Advisor Services also offers other services intended to help THE FIRM manage and further develop its business enterprise. These services

may include: (1) compliance, legal, and business consulting, (2) publications and conferences on practice management and business succession; and (3) access to employee benefits providers, human capital consultants and insurance providers. Schwab Advisor Services may make available, arrange and/or pay third-party vendors for the types of services rendered to THE FIRM. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part to the fees of a third-party providing these services to THE FIRM. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of THE FIRM'S personnel.

THE FIRM does not receive fees or commissions from any of these arrangements.

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**Best Execution**

THE FIRM reviews the execution of each trade placed with the custodian each business day. Clients generally pay competitive commissions and other fees for similar services compared to similar custodian/brokers. THE FIRM does not receive any portion of the trading fees or commissions charged to client accounts.

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**Soft Dollars**

THE FIRM does not receive any soft dollars from Schwab which is research or other products or services other than execution of trades in connections with client securities transactions.

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**Order Aggregation**

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## Review of Accounts

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**Periodic Reviews**

Investment account reviews are performed at least quarterly by William Howell, President of THE FIRM, for ongoing wealth management clients and compared to the client's investment plan. Account reviews may be performed more frequently when market conditions dictate. The accounts are monitored for changes in approved investments, reinvestment of income, coordination with the client's tax planning and distribution needs. In addition, THE FIRM meets annually with each ongoing wealth management client to review important financial planning issues and the client's investment portfolio.

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**Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, substantial deposits or withdrawals by the client and changes in a client's financial or personal situation.

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**Regular Reports**

Clients receive information about their financial position from a variety of sources during their relationship with THE FIRM. A written, initial financial plan is often the first report that is reviewed with new clients. This report includes detailed information and recommendations about the client's financial goals and objectives.

Ongoing wealth management clients receive a monthly investment account statement from the independent custodian, Schwab. This firm also sends the client transaction confirmations and annual tax statements. Wealth management clients also receive a quarterly investment report package from THE FIRM which indicates investment performance and holdings within each account maintained at Schwab. The performance information provided to clients is compared to recognized securities market indices. The client is also supplied an invoice each quarter for the ongoing wealth management retainer fee.

During the annual review meeting, THE FIRM supplies the client with information and reports updating them about the activity and strategies employed within their investment accounts. Other information is provided at client meetings which is related to the financial planning topics included in the meeting agenda.

## **Client Referrals and Other Compensation**

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**Incoming Referrals**

THE FIRM has been fortunate to receive many client referrals over the years. The referrals came from current clients, attorneys, accountants, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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**Referrals Out**

THE FIRM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them by THE FIRM.

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**Other Compensation**

Aside from the fees for services rendered to clients as mentioned above, THE FIRM does not receive compensation from any other source.

## Custody

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### Account Statements

THE FIRM does not accept custody of any client funds or investments. All client assets are held at the independent custodian/broker, Charles Schwab, Co., Inc. (Schwab). Schwab provides clients with monthly account statements at their designated address of record. They also provide clients with a confirmation of all transactions within the investment accounts.

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### Performance Reports

As noted earlier, THE FIRM provides clients with quarterly performance and holdings reports for the accounts. Clients are urged to compare the account statements received directly from their custodians to the reports provided by THE FIRM. THE FIRM should be notified of all discrepancies or questions regarding these reports.

## Investment Discretion

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### Discretionary Authority for Trading

THE FIRM accepts discretionary authority to manage securities accounts on behalf of clients under the Wealth Management and Advisory Agreement. THE FIRM 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. It is the policy of THE FIRM to advise the client, in advance, through the investment plan of the intended target asset allocation and specific investments that will be used in the investment accounts. THE FIRM will generally try to consult with the client prior to significant investment activity in the accounts and obtain concurrence.

The client approves the custodian to be used and the commission rates paid to the custodian. THE FIRM does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

Discretionary trading authority facilitates placing trades in client accounts on behalf of the client so that we may promptly implement the investment policy and stay current with changing market conditions.

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### Limited Power of Attorney

Clients, through the custodian/broker investment account application, grant THE FIRM a limited power of attorney over their accounts to: 1.) Access the information in their custodial accounts and discuss same with the custodian/broker, 2.) Purchase and sell securities in the account, 3.) Deduct the quarterly wealth management retainer fee from the account., and 4.) Direct disbursements to client owned accounts outside of the custodian. Generally, there is no restriction on the securities or amounts that can be purchased within the accounts. However, all of this activity is done within the framework of a written investment plan that is discussed and approved by the

client in advance. The client is aware of the types and quantities of securities that will be purchased and sold within the investment account.

## Voting Client Securities

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### Proxy Votes

THE FIRM does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, THE FIRM will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Clients will receive their proxies or other solicitations directly from their account custodian or from the securities' transfer agent.

## Financial Information

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### Financial Condition

THE FIRM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

## Requirements for State-Registered Advisors

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### Principal Executive Officers and Management Persons

William M. Howell is the principal executive officer and management person.

### Other Business Activities

THE FIRM is not engaged in any other business activities other than providing personal financial planning and investment advisory services.

### Performance-Based Fees

THE FIRM does not receive compensation from performance-based fees. Such fees may create a conflict of interest between THE FIRM and the clients and may carry a higher degree of risk for the client.

### Arbitration, Civil, Self-Regulatory Organization or Administrative Proceedings

THE FIRM and any management personnel have not been involved in an award or found liable in an arbitration, civil, self-regulatory organization or administrative proceeding involving: 1.) An investment or an investment related business or activity; 2.) Fraud, false statements or omissions; 3.) Theft, embezzlement, or other wrongful taking of property; 4.) Bribery, forgery, counterfeiting, or extortion; 5.) Dishonest, unfair or unethical practices.

# Information Security Program

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## Information Security

THE FIRM maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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## Privacy Notice

THE FIRM is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

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

With your permission, we disclose limited information to attorneys, accountants, and other financial advisors with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

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

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

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

Set forth below is the Summary of Material Changes for Howell Financial Advisors, Inc.:

<b>Date of Change</b>	<b>Description of Item</b>
March 2017	The principal place of business for Howell Financial Advisors, Inc. has changed; the new address is reflected on the cover page of this Brochure.

# **Exhibit A**



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**Education and Business Standards**

THE FIRM requires that advisors in its employ have a minimum of a bachelor's degree and experience in the financial services industry that demonstrates knowledge and an aptitude for personal financial planning and investment management. Examples of acceptable professional designations or additional coursework might include: an MS, MBA, a CFP®, a CFA, a ChFC, JD, EA or CPA.

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**Professional Certifications**

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

Certified Financial Planner™ (CFP®): Certified Financial Planners are licensed by the CFP Board to use the CFP® mark. CFP certification requirements include:

- A bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.
- To maintain the CFP®, complete 30 hours of continuing professional education (CPE) every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct.
- Agree to be bound by CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP professionals

Certified Public Accountant (CPA): Certified Public Accountants are licensed and regulated by their state board of Accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include the following requirements:

- Hold a bachelor's degree from an accredited institution (typically 150 credit hours) with a concentration in accounting.
- Minimum experience levels (most states require at least one year) under the supervision of or verification by a CPA
- Successful passage of the Uniform CPA Examination.
- To maintain the CPA license, states generally require the completion of 40 hours of professional education (CPE) each year.

- CPA's who are members of the American Institute of Certified Public Accountants (AICPA) and most of the state CPA societies are required to follow the Code of Professional Conduct. AICPA members providing personal financial planning services are also required to follow the Statement on Standards in Personal Financial Planning.

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**William M. Howell, CFP®, CPA**

Year of Birth: 1950

Educational Background:

- Ball State University, B.S. Accounting, 1972

Business Experience:

- Howell Financial Advisors, Inc., President and Investment Advisor Representative (2004 to Present), CRD No. 4583946
- Bedel Financial Consulting, Inc., Investment Manager and Investment Advisor Representative (1998 to 2004)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

William M. Howell is an employee and the owner of Howell Financial Advisors, Inc.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None