



# ASSOCIATION FINANCIAL SERVICES, LLC

A REGISTERED INVESTMENT ADVISER FIRM

Your Path To A Brighter Future

755 West Big Beaver Road, Suite # 2020

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## **ADV Part 3 Form CRS March 30<sup>th</sup>, 2022**

Form CRS (Customer Relationship Summary), is a uniform disclosure document prescribed by the SEC; it is intended to enhance investor protection by providing succinct and relevant information to retail investors, thus enabling comparability between broker-dealers and investment advisers and operating as a resource regarding fees, conflicts, and standards of conduct.

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.

We are a Registered Investment Adviser Firm (RIA) performing in a fiduciary capacity and provide advisory accounts and services, rather than brokerage accounts and services. This document will provide you a summary of the types of services we provide and how you pay. Please refer to our Investment Management Agreement for further details and we encourage you to ask us for more information.

In Item 7, Page 4, there are some key questions to ask us or any financial professional, about the investment services they're offering.



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## Item 1 – Relationship and Services with our Firm

### WE MUST PROVIDE YOU A CUSTOMER RELATIONSHIP SUMMARY THAT IS EASY TO UNDERSTAND:

- If you open an advisory account, you will pay an on-going asset-based fee at the end of each month for our services, based on the value of the cash and investments in your advisory account. Details of this asset-based fee will be outlined in our Investment Management Agreement.
- We will offer you advice on a regular basis. We will discuss your investment goals, design with you a strategy to achieve your investment goals, and regularly monitor your account. We will contact you (by phone, e-mail, or both) at least annually to discuss your portfolio.
- You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a “discretionary account”), or we may give you advice and you decide what investments to buy and sell (a “non-discretionary account”).
- Our investment advice will cover many types of investments, which may include all or in part; Annuities, Bonds, Commodities, Equities, ETFs, Options, Puts, REITs, etc. Other firms could provide advice on a similar range of choices, some of which may have higher or lower costs.

## Item 2 – Our Obligations to You

### WE MUST ABIDE BY CERTAIN LAWS AND REGULATIONS IN OUR INTERACTIONS WITH YOU:

- We are held to a fiduciary standard that covers our entire investment advisory relationship with you. For example, we are required to monitor your portfolio, investment strategy, and investments on an ongoing basis.
- Our interests can conflict with your interests. We must eliminate these conflicts or tell you about them in a way that makes sense, so that you can decide whether or not to agree to them.

## Item 3 – Fees and Costs

### FEES AND COSTS AFFECT THE VALUE OF YOUR ACCOUNT OVER TIME. PLEASE ASK YOUR FINANCIAL PROFESSIONAL TO GIVE YOU PERSONALIZED INFORMATION ON THE FEES AND COSTS THAT YOU WILL PAY DOING BUSINESS WITH US:

- The amount paid to our firm and your financial professional generally does not vary based on the type of investment(s) we select on your behalf. The asset-based fee reduces the value of your account and will be deducted from your account on a monthly basis. We charge an hourly fee of \$200 for financial consulting services. Details are outlined in our Financial Planning Agreement.
- Some investments (such as mutual funds and variable annuities), impose additional fees that will reduce the value of your investment over time. We do not actively solicit mutual funds or variable annuities, unless you specifically request us to invest in those types of securities. ETFs are more beneficial as they typically offer lower costs and fees. Most importantly, they can be traded throughout the day just like a stock; whereas a mutual fund is only traded once per day after the markets close.

Regarding variable annuities, we do not feel that in most cases they are a wise investment choice due to high mortality and expense risk fees (M&E), administrative fees, underlying fund expenses, and fees and charges for other features. Simply put, variable annuities are a very expensive way to invest in the market. Also, with certain investments such as variable annuities, you will most likely pay “surrender charges” to get your money during the accumulation phase.

- Our fees vary and are negotiable, as outlined in our Investment Management Agreement. The amount you pay will depend, for example, on the services you receive and the amount of assets in your account(s). The larger your assets, the less you may pay in monthly management fees.
- You will pay a transaction fee when we buy and sell an investment for you. You will also pay fees to an introducing broker-dealer that will hold your assets (called “custody”) and a clearing firm.
- The more assets you have in your advisory account, including cash, the less you will pay us in fees; however, you may also pay more in trading fees (commissions) if there are many securities within your account that are actively traded (bought and sold based on market volatility) by us or our third-party Investment Adviser. We do not make any commissions on trades, as those are paid by you to the introducing broker-dealer from your account at the time of the trade. We offer six tiers for our management fee. When a higher account value threshold is met, you pay a lower fee as outlined in our Investment Management Agreement. For example, account values less than \$100,000 pay the highest management fee and accounts over \$1,000,000 pay the lowest management fee. We have a financial incentive to increase the assets in your account(s). When you make more, we make more. You pay our fee monthly, even if we (a “discretionary account”) do not buy or sell any securities.

#### Item 4 – Compare with Typical Brokerage Accounts

##### USING A REGISTERED INVESTMENT ADVISER MAY BE A BETTER ALTERNATIVE COMPARED TO USING A BROKER-DEALER:

You could also open a brokerage account with a broker-dealer, where you will pay a transaction-based fee, generally referred to as a commission, when the broker-dealer buys or sells an investment for you. Features of a typical brokerage account include:

- With a broker-dealer, you may select investments or the broker-dealer may recommend investments for your account, but the ultimate decision for your investment strategy and the purchase and sale of investments will be yours.
- A broker-dealer must act in your best interest and not place its interests ahead of yours when the broker-dealer recommends an investment or an investment strategy involving securities. When a broker-dealer provides any service to you, the broker-dealer must treat you fairly and comply with a number of specific obligations. Unless you and the broker-dealer agree otherwise, **the broker-dealer is not required to monitor your portfolio or investments on an ongoing basis.**
- If you were to pay a transaction-based fee in a brokerage account, the more trades in your account, the more fees the broker-dealer charges you. **So, the broker-dealer has an incentive to encourage you to trade often.**
- You can receive advice in either type of account, but you may prefer paying:
  1. a transaction-based fee from a cost perspective, if you do not trade often or if you plan to buy and hold investments for longer periods of time.
  2. an asset-based fee if you want continuing advice or want someone to make investment decisions for you, even though it **may** cost more than a transaction-based fee.

It is important to note that Association Financial Services, LLC, is a Registered Investment Adviser Firm **only** and we will always act in a client’s best interest. We are **not** a broker-dealer.

## Item 5 – Conflicts of Interest

### WE BENEFIT FROM THE ADVISORY SERVICES WE PROVIDE YOU:

- We **may** advise you to invest in certain investments such as fixed or fixed-indexed annuities offered with various insurance companies through Association Financial, LLC, an affiliated company. Annuities generate commissions which are paid to our financial professionals. These commissions are paid by the insurance company to its agent(s), over and beyond the initial deposit made by an insured. This is one of the reasons insurance companies have 5, 7, 10, and even 14 year surrender periods, also known as the accumulation period (phase). With longer accumulation periods come higher commissions. We advise against replacing or surrendering an annuity during the accumulation phase, as there can be significant surrender charges incurred.
- We have **no** incentive to advise you to invest in other investments, as the manager or sponsor of those investments do **not** share with us revenue it earns on those investments.
- We do **not** buy investments from you, or sell investments to you, from our own accounts (called “acting as principal”). Therefore, we do not earn a profit on these trades and have **no** incentive to encourage you to trade with us.

## Item 6 – Additional Information

### WE ENCOURAGE YOU TO BE INFORMED AND SEEK ADDITIONAL INFORMATION:

- We have no legal or disciplinary events to report. Visit Investor.gov for a free and simple search tool to research our firm and our financial professionals.
- For additional information on our advisory services, see our Form ADV brochure on IAPD at [www.adviserinfo.sec.gov/firm/summary/287975](http://www.adviserinfo.sec.gov/firm/summary/287975) and any brochure supplement your financial professional provides, or visit our website at [www.association-financial.com](http://www.association-financial.com).
- To report a problem to the SEC, visit Investor.gov or call the SEC’s toll-free investor assistance line at (800) 732-0330. If you have a problem with your investments, account, or financial professional, please contact us utilizing the information listed on Page 1 or 2.

## Item 7 – Key Questions to Ask

### ASK US AND ANY FINANCIAL PROFESSIONAL ABOUT THE INVESTMENT SERVICES BEING OFFERED:

1. Given my financial situation, why should I choose an advisory account?
2. Do the math for me. How much would I pay per year for an advisory account? What would make those fees more or less? What services will I receive for those fees?
3. What additional costs should I expect in connection with my account?
4. Tell me how you and your firm make money in connection with my account. Do you or your firm receive any payments from anyone besides me in connection with my investments?
5. What are the most common conflicts of interest in your advisory accounts? Explain how you will address those conflicts when providing services to my account.
6. How will you choose investments to recommend for my account?
7. How often will you monitor my account’s performance and offer investment advice?
8. Do you or your firm have a disciplinary history? For what type of conduct?
9. What is your relevant experience, including your licenses, education, and other qualifications? Please explain what the abbreviations in your licenses are and what they mean.
10. Who is the primary contact person for my account? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to?