Kelman-Lazarov, Inc.

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Form ADV Part 2A

Brochure

May 1, 2018

This brochure provides information about the qualifications and business practices of Kelman-Lazarov, Inc. (the "Firm"). If you have any questions about the contents of this Brochure, please contact us at (855) 273-6719 or jessica@kelman-lazarov.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information is also available on the SEC's website at www.adviserinfo.sec.gov by searching the unique IARD/CRD number for the Firm, which is 107727. The SEC's web site also provides information about any persons affiliated with Kelman Lazarov who are registered, or are required to be registered, as investment adviser representatives.

The Firm is an investment adviser registered with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

Item 2 Material Changes

This Item 2 discloses material changes that have been made to this Brochure since the last annual update filed March 31, 2017.

Since the last annual update of this Brochure, the following material changes have been made:

Items 4 and 5 have been updated to remove reference to the Kelman-Lazarov Wrap Fee Program, which was closed and no longer has any investors.

Item 4 has been revised to update the description of the Traditional Asset Management Program. Clients who participate in the Traditional Program will discuss with one of our Financial Advisors the Client's financial situation, investment objectives, tolerance for risk/volatility, among other factors, and the Financial Advisor will assist the Client in determining a suitable allocation of the Client's assets among key asset classes. Based on this information, the Financial Advisor will assist the Client to designate from one of Kelman-Lazarov's model portfolios for which the asset allocation aligns with the allocation identified by the Client. The model portfolio will then be implemented through investments in Client's account in a portfolio of ETFs and mutual funds that reflect the desired asset allocation. The ETFs and mutual funds used to implement a particular asset class of a model portfolio will generally remain the same from model to model, only the proportions of each ETF or mutual fund will change, based on the stated investment objective, risk target, and other characteristics the portfolio is intended to achieve.

Item 4 has been revised to with respect to Clients who started in the Traditional Program prior to 2018 ("Legacy Clients"). Their portfolios currently consist of mutual funds and ETFs, but we had not implemented wider use of our model portfolios. For these Clients, during 2018 and likely into 2019, the Financial Advisor will discuss the process for transitioning the Client's account to one of the model portfolios that is suitable for the Client, and a time-frame over which the transition will occur. Although Kelman-Lazarov expects that all Clients will be transitioned to model portfolios by approximately the end of 2019, a definite time line has not been established. Clients who do not wish to transition to the model portfolios will be given an appropriate timeframe within which to move their accounts.

For Clients who started in the Traditional Program prior to 2018 ("Legacy Clients"), their portfolios were invested in a model that included target weights and securities, with a variety of securities. For these Clients, over the next few years, the Financial Advisor will discuss the process for transitioning the Client's account to one of the current models, should it be suitable for the Client and the Client agrees. Additionally, a time-frame over which the transition will occur will also be discussed with the Client. Clients who do not wish to transition to the current model portfolio will be able to maintain a managed account at Kelman-Lazarov.

For Clients who started in the Traditional Program prior to 2018 ("Legacy Clients"). In general, Clients are expected to deliver to the Custodian cash (or cash equivalents) or securities which the their portfolios were invested in a model that included target weights and securities, using a variety of securities. Clients who do not wish to transition to the current model portfolio will be able to maintain a managed account at Kelman-Lazarov. For those Clients that the Financial Advisor identifies that it may be beneficial to transition to one of the current models, the process will be discussed with the client to determine if the client agrees. If so, a time-frame over which the transition will occur will also be discussed with the Client.

Item 5 has been revised to provide additional information regarding the compensation that Kelman-Lazarov's Financial Advisors will receive from the sale of securities or insurance products, which is separate from the Management Fee paid by Client pursuant to the Advisory Agreement. We also provide additional information regarding the Traditional and Select Programs. Additionally, the revision provides additional information regarding 12b-1 Fees the Financial Advisors receive when they sell mutual funds to Clients in their separate capacity as a registered representative of a broker-dealer, and the conflict of interest that this involves.

Item 8 has been revised to provide disclosure of risks related to leverage and inverse ETFs and mutual funds and risk considerations related to investments in managed account programs utilizing model portfolios.

Item 10 has been revised to provide additional information regarding the compensation received by our Financial Advisors in their separate capacities as securities registered representatives on behalf of the PKS broker-dealer, and as insurance agents, and the conflict of interest that arises from their interest in increasing their income. It also disclosed that in some cases, they will refer Clients to third parties, such as insurance agents, with whom they have arrangements to share any compensation arising from the sale of any product to Client, which creates a conflict of interest. Additionally, the revision provides additional information regarding 12b-1 Fees the Financial Advisors receive when they sell mutual funds to Clients in their separate capacity as a registered representative of a broker-dealer, and the conflict of interest that this involves.

Item 15 has been revised to disclose that from time to time certain of our Financial Advisors may serve as trustee for trusts established for close family members, who are also Clients. Additionally, Kelman-Lazarov's Clients provide standing letters of instruction to the qualified custodian of their accounts authorizing Kelman-Lazarov to provide instructions on the timing or amount of distributions to a specifically designated recipient. As a result, Kelman-Lazarov is deemed to have custody of the Client's accounts.

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Item 4 Advisory Business

General Information

We place the Client and the Financial Advisor as partners in the center of every decision we make as a firm. We develop our products, services and technologies to allow our Financial Advisors to provide the highest quality service to their Clients.

Our owners, Ronald J. Lazarov and Martin S. Kelman, have offered customized and confidential financial planning and investment advisory services since 1979 and 1981, respectively. Kelman-Lazarov, Inc. ("Kelman-Lazarov") became registered as an investment adviser with the Securities and Exchange Commission effective December 7, 1993.

Please see the *Brochure Supplements* (Form ADV Part 2B) for more information on these principal owners and other individuals who formulate investment advice and have direct contact with Clients, or have discretionary authority over Client accounts.

As of February 11, 2018, Kelman-Lazarov managed $424,963,268 on a discretionary basis, and did not manage any assets on a non-discretionary basis.

Asset Management Services

Kelman-Lazarov provides its asset management services through the following programs:

- Kelman-Lazarov Traditional Asset Management Program; and
- Kelman-Lazarov Select Asset Management Program.

Traditional Asset Management Program

Through the Traditional Asset Management Program, Kelman-Lazarov offers Clients a fully discretionary managed account solution that begins with the Financial Advisor getting to know the Client, and listening to their needs and objectives. During the preliminary discussions, a Financial Advisor will obtain information from the Client about the Client's family and financial situation, the investment objective, tolerance for risk, investment time horizon, and other pertinent information (all the "Suitability Information").

The Financial Advisor will assist the Client to identify a suitable allocation of the Client's assets across a variety of asset classes, including, equities, fixed income, and cash, depending on the Client's financial situation, investment objectives and tolerance for risk, among other factors. This dialogue with the Client will help the Financial Advisor to identify the Kelman-Lazarov model portfolio that reflects the appropriate asset classes, allocated in such proportions, most closely aligned with Client's objectives for income, growth, risk/volatility, and other key parameters. Clients may impose restrictions on investing in certain securities or types of securities in their account, but because of the limited number of ETFs and mutual funds available in each asset class, such restrictions may prevent a Client from investing in certain models managed by our firm.

The portfolio management team will review a Client's Legacy Position ETFs and mutual funds to identify any that can be used to implement the existing asset classes of the model portfolio. The determination of Legacy Positions that may be used to implement the model is based on a number of factors, including the efficiency and cost of trading the positions through Kelman-Lazarov's existing broker-dealer relationships and platform, the research available to Kelman-Lazarov, Kelman-Lazarov's familiarity with the issuer and the portfolio managers; ultimately, the decision shall at Kelman-Lazarov's sole discretion.

For Clients who started in the Traditional Program prior to 2018 ("Legacy Clients"), their portfolios were invested in a model that included target weights and securities, with a variety of securities. Clients who do not wish to transition to the current model portfolio will be able to maintain a managed account at Kelman-Lazarov. For those Clients that the Financial Advisor identifies that it may be beneficial to transition to one of the current models, the process will be discussed with the client to determine if the client agrees. If so, a time-frame over which the transition will occur will also be discussed with the Client.

Select Asset Management Program

Accounts with assets of less than $250,000 participate in the Select Asset Management Program. The Select Program is a discretionary managed account program that also uses model portfolios and seeks to identify an appropriate allocation of the Client's portfolio among the key asset classes, after assessment of the Client's financial circumstances and pertinent Suitability Information. To maintain a cost-effective program for these smaller accounts, we generally seek ETFs and mutual funds that are available on a "no transaction fee" ("NTF") basis. The lack of a transaction fee allows for cost effective and efficient management of these accounts, even though the mutual funds we use carry higher expense ratios. Kelman-Lazarov does not receive any portion of the expense ratios charged by the ETFs or mutual funds. The Client will be contacted periodically to determine whether to update the Client's financial information previously provided and determine whether any changes should be made to the Client's IPS, asset allocation, risk tolerance, or other factors pertaining to the continued suitability.

Please refer to the relevant prospectus (or if available, summary disclosure) for a complete description of all fees and charges associated with investing in each ETF or mutual fund.

Participating in the Traditional Program or Select Program

To participate in the Traditional Program or the Select Program, Client must enter into an Advisory Agreement describing our advisory services, the fees we will charge, and other important terms of our relationship. The Client must enter into an agreement with a with a "qualified custodian" that will maintain the assets to be managed (the "Managed Assets") in an account (the "Managed Account") in the Client's name. We recommend the custodial and brokerage services of Charles Schwab & Co ("Custodian") to serve as qualified custodian for the Managed Account.

Kelman-Lazarov will manage the Managed Account on a discretionary basis, and will have the authority to direct the investment and re-investment of the Managed Assets without prior consultation with the Client. Kelman-Lazarov may offer non-discretionary asset management services on a limited basis, at the discretion of the firm. Client with non-discretionary arrangements must be contacted prior to the execution of any trade, which may result in a delay in executing recommended trades. Clients with non-discretionary arrangements retain the responsibility for the final decision on all actions taken within the account.

Client or Kelman Lazarov may terminate the Advisory Agreement at any time upon notification to the other party. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be promptly refunded to the Client. Any fees due for services rendered or work performed for which a fee was not collected will be due and payable. Clients retain the right to terminate the advisory agreement without penalty within 5 business days after entering the agreement.

Clients should inform Kelman-Lazarov promptly in writing of significant changes in their individual or family circumstances or financial situation, or in the investment goals or objectives, investment time horizon, tolerance for risk or volatility, or liquidity needs of the Account so that appropriate changes can be made. Such notices must be written. Unless and until the Client notifies Kelman-Lazarov in writing to designate a different model portfolio for the Managed Account, notifies Kelman-Lazarov of material changes in their Suitability Information, or to impose reasonable restrictions on the investment of their Account, Kelman-Lazarov will continue to manage the Managed Account according to the Suitability Information in Kelman-Lazarov's records. Client should contact either their Financial Advisor or Kelman-Lazarov immediately if there are any material changes to a Client's personal or financial situation, risk tolerance, investment objectives, liquidity needs, or time horizon so that the potential impact can be evaluated.

Retirement Plan Services

Kelman-Lazarov may provide retirement plan advisory services to Plans and Plan Fiduciaries on a discretionary or non-discretionary basis. 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, Kelman-Lazarov may be considered a fiduciary under ERISA. For example, to the extent that the Plan Fiduciaries retain Kelman-Lazarov to act as an investment manager within the meaning of ERISA §3(21) or ERISA §3(38), Kelman-Lazarov will provide non-discretionary or discretionary services, respectively.

Retirement Plan Consulting Services
Kelman-Lazarov may provide Retirement Plan Consulting Services to Plans and Plan Fiduciaries on a non-discretionary basis. The appropriate Plan Fiduciary 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.

Advice is limited to asset class and investment recommendations. Kelman-Lazarov will provide Plan Fiduciaries with recommendations of investment options consistent with any Investment Policy Statement of the Plan. Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c). Kelman-Lazarov will assist in monitoring the plan's investment options and will make recommendations to maintain or remove and replace investment options. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommendations made for the Plan. Retirement Plan Consulting Services may be offered individually or as part of a comprehensive suite of services.

Retirement Plan Management Services
Kelman-Lazarov may provide Retirement Plan Management Services to Plans and Plan Fiduciaries on a discretionary basis. When retained as an investment manager within the meaning of ERISA §3(38), Kelman-Lazarov provides continuous and ongoing supervision over the designated retirement plan assets. Kelman-Lazarov will actively monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, Kelman-Lazarov 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 its sole discretion without first consulting with the Plan Fiduciaries. Kelman-Lazarov may also have the power and authority to carry out these decisions by giving instructions, on the Plan Fiduciary's behalf, to brokers and dealers and qualified custodian(s) of the Plan for the management of the designated retirement plan assets.

Kelman-Lazarov will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries.

Education and Enrollment Services

Participant Education

Kelman-Lazarov will provide education services to Plan Participants about general investment principles and the investment alternatives available under the Plan. Education presentations will not take into account the individual circumstances of each Plan Participant.

Participant Enrollment
Kelman-Lazarov will assist with group enrollment meetings designed to increase Retirement Plan participation among employees and to improve the investment and financial understanding of employees.

Financial Planning

Financial planning may consist of a number of services, depending on the Client's needs. The planning process evaluates a Client's current financial situation and proposes an action plan to help move towards setting and achieving the Client's financial goals. Kelman-Lazarov has conversations with the Client and reviews documents, such as income tax returns and current investments, to determine a Client's current financial situation and long term financial goals. Detailed information such as risk tolerance, time horizon, estate and retirement plans, trust agreements, wills and insurance may also be collected to help better complete a financial plan.

Next the planning process identifies potential impediments to achieving the goals, as well as options for furthering the goals of the Client. A financial plan is developed with recommendations to help achieve the identified financial goals, and is presented to the Client for consideration. Typically, Kelman-Lazarov uses computer software as part of the financial planning process.

Clients may retain Kelman-Lazarov to prepare a full financial plan, or to only give advice about a particular area of concern. Areas to be addressed may include, but are not limited to, retirement planning, funding of education, estate planning, insurance needs (disability, long-term care, and life insurance), and investment asset allocation. Clients do not have to act on the plan's recommendations, nor use Kelman-Lazarov to implement any recommendations. Clients may, however, retain Kelman-Lazarov to help implement the plan. If you choose to purchase securities or insurance products through Kelman-Lazarov, the firm will receive commissions or other compensation as a result of those investments. Kelman-Lazarov may recommend seeking additional advice from an estate planning and/or tax professional as appropriate. Kelman Lazarov does not provide any tax or legal advice to the Clients.

Consulting Services

Kelman-Lazarov may provide consulting services to Clients on specific financial matters, including, but not limited to, providing defined contribution allocation recommendations, distribution planning, and financial matters arising due to life changing events. Where Kelman-Lazarov provides general consulting services, Kelman-Lazarov will work with the Client to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances. The terms and conditions of the arrangement and the fees to be charged will be negotiated on a case-by-case basis. Advice given will be limited to the specific, limited issues initially agreed upon.

If you choose to execute any transaction recommended by the Advisor, you are under no obligation to execute any given recommendations through Kelman-Lazarov.

Item 5 Fees and Compensation

Asset Management

Traditional Asset Management Program

In this program, accounts pay a Management Fee, as well as the cost of transactions such as brokerage commissions, clearance, settlement and custodial services in the account. These fees are not received by Kelman-Lazarov.

The Management Fee is based on a percentage of the Program Assets. Please see Item 12 - Brokerage Practices for additional information on transaction costs for the execution of Client securities transactions.

The fees associated with this program, negotiable at the discretion of the firm, are:

Assets Under Management of Kelman-Lazarov	Annual Management Fee Value at quarter-end
$0 - $1,000,000	1.15%
Thereafter to $2,000,000	0.90%
Greater than $2,000,000	0.70%

Transaction charges are paid at the time the order is placed. Refer to the discussion below under *Transaction Charges; Additional Fees and Charges* for information about the transaction charges, as well as information about Miscellaneous Expenses that the Client's account will also incur.

Select Asset Management Program

In this program, accounts pay a Management Fee, based on a percentage of assets under management, plus the cost of transactions in the account. The Client will not incur transaction charges with respect to any ETFs or mutual funds purchased on a "no transaction fee" basis. This fee is a percentage of the Program Assets.

The fees associated with this program, negotiable at the discretion of the firm, are:

Assets Under Management of Kelman-Lazarov	Annual Management Fee Value at quarter-end
$0 - $250,000	1.25%
$250,000+	1.15%

In implementing the asset allocation models for accounts participating in the Select Asset Management Program, Kelman-Lazarov generally seeks ETFs and mutual funds available on a "no transaction fee" basis. The lack of a transaction fee allows for cost-effective and efficient management of these accounts, even though the ETFs and mutual funds may carry higher expense ratios.

For any ETFs or mutual funds that are not purchased on a "no transaction fee" basis, the transaction charge is paid at the time the order is placed. Refer to the discussion below under *Transaction Charges; Additional Fees and Charges* for information about the transaction charges, as well as information about Miscellaneous Expenses that the Client's account will also incur.

Payment of Management Fees

The Management Fee will be charged on the value of the Managed Assets as of the last business day of December, March, June, and September. Accounts in the same household may be aggregated to obtain a better fee discount or breakpoint. Deposits to and withdrawals from the account during the quarter are subject to proration over the quarter in determining fee calculation. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from Client account(s) without prior notice to the client and without consent, unless other arrangements are made. All Account assets, transactions, and fees will be shown on the monthly or quarterly Account statements provided by the Custodian.

Transaction Charges; Additional Fees and Charges

The Management Fee payable to Kelman-Lazarov is separate and distinct from the transaction charges, as well as the additional amounts that will be charged or assessed to the Client's account by a broker, custodian, exchange, fund company, or other financial intermediary, including without limitation, amounts for postage, handling, wire transfer fees, redemption fees, or other fees and expenses. Please see Item 12 - Brokerage Practices for additional information on transaction costs charged for the execution of Client securities transactions.

The Management Fee is also separate and distinct from the internal fees and expenses charged by mutual funds, exchange-traded funds, or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). Some "no load" mutual fund shares may be required to be held for a minimum time period, generally 90 days or less. If positions in such funds are liquidated or reduced prior to the end of the holding period, early redemption fees will apply. The Client should review all fees charged by funds, brokers, Custodian and others to fully understand the total amount of fees paid by the Client for investment and financial-related services.

Additional Fees and Expenses

As shareholders of an ETF or mutual fund, Clients will bear, indirectly, the internal management fee and other fund expenses charged by ETFs and mutual funds to their shareholders (described in each fund's prospectus). Clients will also incur transaction charges and/or brokerage fees when purchasing or selling these shares, unless a mutual fund is purchased on an "NTF" basis. The transaction charges are typically imposed by the broker-dealer that executes the transaction. Kelman-Lazarov does not share in the brokerage fees/transaction charges for a Managed Account. To fully understand the total costs, Clients should review the fees charged by ETFs, mutual funds, our firm, and others. For information on our brokerage practices, refer to Item 12, Brokerage Practices section of this Brochure.

We use "no transaction fee" ("NTF") mutual funds for portfolios where, because of the number of transactions, or size of account, it is particularly important to control the transaction costs, such as our Select Program for accounts of $250,000 or less. However, as disclosed in the discussion of the Select Program, it is important for Clients to keep in mind that the internal expenses of the mutual funds offered on an NTF basis are significantly higher than other available share classes of the same funds offered with a transaction charge. The difference in expenses is only partially attributable to the 12b-1 Fees charged by the NTF Funds. The internal expenses of some NTF Funds are higher by an amount that exceeds the amount of their 12b-1 Fees, which is why it is important for Clients to be aware of all of the internal expenses charged by the ETFs and mutual funds in their account. This information is available in the fund prospectus. 12b-1 fees are collected by the Custodian and not Kelman-Lazarov.

Either Kelman-Lazarov or the Client may terminate their written agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned management fees will be promptly refunded to the Client based on the number of days that the account was managed, and any fees due to Kelman-Lazarov from the Client will be invoiced or deducted from the Client's account prior to termination.

No Reduction or Offset of Advisory Fees

We do not reduce or offset Advisory Fees by commissions, sales charges, or other sales-related compensation, including any 12b-1 Fees, or any rebates, credits or other compensation we or receive from a Custodian, brokers, mutual fund companies, or insurance companies based on or as a result of a Client's purchase or sale of securities, insurance, or other investment products, or based on the value of a Client's account, free credit balance, margin account balance, or retirement account balances.

Unless expressly provided in the Advisory Agreement, no refund or other adjustment of a fee already paid will be made as a result of a decline in the value of the Account (whether due to market losses or withdrawals); provided, in the event the Advisory Agreement is terminated within 5 days after execution, all management fees will be refunded, as provided in the Advisory Agreement.

Retirement Plan Services

Fees for Retirement Plan Service engagements are individually negotiated based upon the scope of the engagement. Fees are based upon the value of the assets in the Plan being advised. All retirement plan service fees are negotiable and will be agreed to in writing by Kelman-Lazarov and the Plan trustee.

Financial Planning

Kelman-Lazarov, Inc. offers a variety of fee arrangements for Financial Planning services, commensurate with the service requested by the Client. Planning fees will generally be charged on an hourly basis, at a rate of $300/hour, and will be based on the scope and complexity of the planning needs of the Client. Estimated fees will be stated in the Financial Planning Agreement; however, total fees may be higher or lower than estimated. The Client(s) will be notified as soon as possible if Kelman-Lazarov anticipates the fee will significantly exceed the initial estimate, and a new estimate will be provided at that time. However, this is still only an estimate and actual fees may differ. On occasion a flat rate may be quoted if Kelman-Lazarov deems it appropriate. Fees are negotiable, agreed upon with the Client in advance, and due upon receipt of the invoice.

Depending on the anticipated length and the complexity of the circumstances, a retainer may be required in advance. In such instances, the Client will receive a monthly statement, listing the charges incurred and the balance of the retainer. Once the retainer is exhausted, Kelman-Lazarov may require additional funds to be deposited. Where no retainer is required, fees are billed monthly in arrears.

Financial Planning Agreements terminate with completion of the project and delivery of services to the Client. Financial Planning Clients who wish to have their financial plans updated, or who wish to implement any asset management recommendations made in the plan, will be required to enter into a separate, written agreement for such services.

Consulting Services

Kelman-Lazarov does not have a standard fee schedule for consulting services, but will discuss appropriate fees with Clients prior to rendering services. Some factors in determining appropriate fees are the time and complexity of the situation. The fee may be flat fee or an hourly fee, typically $300 per hour, and paid in arrears. Fees are payable when invoiced.

Consulting Agreements terminate with completion of the project and delivery of services to the Client. Consulting Clients who wish to receive further services or who wish to implement any asset management recommendations made, will be required to enter into a separate, written agreement for such services.

Other Matters

Recommendations by the Representative; Purchases from Other Firms

The information in this section describes services that are offered outside of the managed Kelman-Lazarov account. As explained in Item 10, certain of Kelman-Lazarov's Financial Advisor, including its management employees, are also broker-dealer registered representatives of Mutual Securities, Inc. ("Mutual Securities"), a broker-dealer, member FINRA/SIPC. They are also licensed insurance agents of an independent insurance brokerage and are appointed to sell life, health, annuity, and long term care products by various insurance companies. As a registered representative of Mutual Securities and as an insurance agent, each Financial Advisor may recommend that the Client purchase or sell securities or insurance products, reallocate existing investments, or take other steps to achieve their objectives in connection with the Retirement Plan Services, Financial Planning Services, or Consulting Services. If the Client elects to implement the recommendations of the Financial Advisor to purchase any securities or insurance products (including mutual funds, variable products, or long term care products), the Financial Advisors will receive compensation (including brokerage commissions, sales charges, 12b-1 Fees from the sale of mutual funds, and insurance commissions). Refer to the discussion below under *Additional Fees and Expenses* for further information regarding 12b-1 Fees.

Compensation earned by Financial Advisors in their capacities as registered representatives or insurance agents is separate and in addition to our Management Fees. Clients are advised that a conflict of interest exists because the Financial Advisors will have an incentive to recommend the securities and insurance products based on the compensation to be received (including brokerage commissions, sales charges, 12b-1 Fees from the sale of mutual funds, and insurance commissions), and in some cases, the prospect of encouraging cross-referrals to Kelman-Lazarov of prospective advisory Clients, rather than based solely on the Client's needs. Financial Advisors providing investment advice to advisory Clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when the Clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest.

Client is under no obligation, contractually or otherwise, to purchase securities or insurance products through one of our Financial Advisors, or otherwise implement or act upon a Financial Advisor's recommendations. Clients can generally purchase similar investment products or services through other firms that are not affiliated with Kelman-Lazarov. Refer to Item 10 for further information regarding conflicts of interest which exists. Clients may purchase mutual funds directly from mutual fund companies. The products may be available on a low or "no-load" basis. Although we recommend "load-waived" mutual fund share classes, many of the mutual funds we recommend carry 12b-1 Fees higher than a Client is able to obtain through direct purchases from a mutual fund company or from other financial services firms. If a Client chooses to purchase investments directly or through another intermediary, the Client will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of the Client's financial situation, investment objectives, risk tolerance, and liquidity needs.

Item 6 Performance-Based Fees and Side-By-Side Management

Kelman-Lazarov does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Kelman-Lazarov has no performance-based fee accounts, it has no side-by-side management.

Item 7 Types of Clients

Kelman-Lazarov serves individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations. Kelman-Lazarov may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Kelman-Lazarov deems it appropriate under the circumstances.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Kelman-Lazarov uses a variety of methods of analysis and investment strategies to formulate investment advice and manage assets. The primary method of analysis is fundamental analysis, looking at the financial health of the economy, industries, and individual companies. For equity securities, both quantitative analysis, such as information that might be found in a company's financial statement, and qualitative analysis, such as the tenure and experience of a company's top management, are key. This analysis helps Kelman-Lazarov formulate opinions regarding underlying strength of the security and the potential for future performance.

For bonds, the strength of the issuing corporation or municipality is stressed. For mutual funds, exchange traded funds, and closed-end funds, research as to past performance, fees, and the fund's manager are paramount. Instrumental to this analysis are research resources at Kelman-Lazarov's disposal, including Morningstar Office, a suite of Morningstar research and publications on a variety of asset classes. Kelman-Lazarov analyzes the research from the various resources and makes informed decisions on the allocation of funds.

Technical analysis is also, to a lesser extent, employed, looking at past performance and patterns to predict future performance. One of Kelman-Lazarov's methods of technical analysis is seeking out closed-end funds trading at a discount to the fund's net asset value, tracking the 52-week moving average, and setting a target price to buy the closed-end funds when they trade at a discount greater than the norm.

Investment Strategies & Risks

Kelman-Lazarov's investment strategy has a long-term focus and is centered on asset allocation. Asset allocation involves determining an appropriate percentage to invest in a variety of asset classes. Asset allocation is Client-specific and is based on the Client's Investment Policy Statement. The diversification afforded by appropriate asset allocation helps balance the risks and rewards of investing. Past performance is used to make decision on allocations of funds. You should understand that past performance is not indicative of future results.

Being a "long-term investor" generally means that securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risks of Loss

While Kelman-Lazarov seeks to diversify Clients' investment portfolios across various asset classes consistent with each Client's IPS in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that Client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below are descriptions of several of the principal risks that Client investment portfolios face.

Management Risk. While Kelman-Lazarov manages Client investment portfolios based on Kelman-Lazarov's experience, research and proprietary methods, the value of Client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, Client investment portfolios are subject to the risk that Kelman-Lazarov allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Kelman-Lazarov's specific investment choices could underperform their relevant indexes.

Risks of Investment in ETFs, Mutual Funds, and Other Investment Pools. As described above, Kelman-Lazarov will often invest Client portfolios in ETFs, mutual funds, and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios, however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

Exchange Traded Funds and Mutual Funds: Exchange traded funds ("ETF") and Mutual Funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on ETFs and mutual funds can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into or sell out of the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of the its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Leveraged Exchange Traded Funds: Leveraged ETFs use swaps and other financial derivatives to maintain their leveraged exposure and are typically created to "reset" every day, meaning they will rebalanced daily and the instruments and contracts that make up the ETF are going to change every day. This causes them to be inherently volatile instruments and create overnight risk when held to the next day. Leveraged ETFs are short-term vehicles and are not designed for long term purchasing. Leveraged ETFs perform best in trending environments when the market is in a low volatile, trending market leveraged ETFs will perform better than they would in a sideways market. This is because leveraged or inverse ETFs will magnify the returns of whatever the trend is. While leveraged ETF may magnify investor returns, they may also magnify the potential for losses.

Management through "Model" Portfolios. Managed Accounts participating in the Traditional Program or Select Program (except Legacy Accounts) are managed according to model portfolios developed by Kelman-Lazarov. Although Kelman-Lazarov generally does not follow an active "trading" strategy that involves significant turnover of the portfolio, over short periods of time, due to market, economic, or other reasons, the strategy used to manage a model portfolio may experience above average portfolio turnover that could increase a Client's trading costs and cause the Client to realize net gains or losses. Kelman-Lazarov seeks to ensure that Clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, and transactions effected pursuant to a model investment strategy at Kelman- Lazarov will attempt consider a client's tax ramifications, with the goal of incurring only reasonable tax consequences, if any.

Equity Market Risk. Kelman-Lazarov may invest portions of Client assets directly into equity investments, either stocks or pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risk that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Fixed Income Risk. Kelman-Lazarov may invest portions of Client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risk (risks that changes in interest rates will devalue the investments), credit risk (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Foreign Securities Risk. Kelman-Lazarov may invest portions of Client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of Client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Risk of Errors in Investment Decisions. There is a risk that our judgment about the attractiveness, relative value, or potential appreciation of a particular market sector or security, or about the timing of investment purchases or sales, may prove to be incorrect, resulting in losses to the Client's account. The success of Kelman-Lazarov's strategy for an account or Portfolio is subject to Kelman-Lazarov's ability to continually analyze and select appropriate ETF and mutual fund investments, and allocate and re-allocate the investments consistent with the intended investment objectives and risk parameters. There is no assurance that Kelman-Lazarov's efforts will be successful.

Reliance on Sources of Information. Our method of analyzing investment opportunities assumes that the information we receive about funds, managers, and companies, the characteristics and ratings of the securities they issue, and other publicly-available sources of information we utilize is accurate and unbiased. While we are alert to indications that data may be incorrect or skewed, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Management of Account Until We Receive Written Notice. Unless and until the Client notifies the Representative or Kelman-Lazarov in writing to designate a different portfolio for their account, to notify us of material changes in their Suitability Information, we will continue to manage the account according to the Suitability Information in our records. Clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in the investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs of their account so that appropriate changes can be made.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's evaluation of Kelman-Lazarov or the integrity of Kelman-Lazarov's management. Kelman-Lazarov has no disciplinary events to report.

Item 10 Other Financial Industry Activities and Affiliations

The information in this section describes services that are offered outside of the managed Kelman-Lazarov account. As we explained in Item 5, certain of Kelman-Lazarov's Financial Advisors, including its management employees, are also registered representatives of Mutual Securities, Inc. ("Mutual Securities"), a broker-dealer, member FINRA/SIPC. The Financial Advisors are also insurance agents of an independent insurance brokerage, and are appointed by various life insurance companies and licensed to sell life, health, annuity, and long term care products.

Separate from the role as a Financial Advisor for Kelman-Lazarov, as a registered representative of Mutual Securities or as an insurance agent, the Financial Advisors may recommend that their Clients purchase or sell securities or insurance products, reallocate existing investments, or take other steps to implement their objectives in connection with the Retirement Plan Services, Financial Planning Services, or Consulting Services. However, the Financial Advisors will not sell securities or insurance products to an advisory Client that will be managed by Kelman-Lazarov in an advisory account. If the Client elects to implement the recommendations of the Financial Advisor to purchase any securities or insurance products (including mutual funds, variable products, or long-term care or other insurance products), Kelman-Lazarov will receive compensation (including brokerage commissions, sales charges, 12b-1 Fees from the sale of mutual funds, or insurance commissions). Refer to the discussion in Item 5 under *Additional Fees and Expenses* for further information. In the case of mutual funds, asset-based compensation such as "12b-1 Fees" will continue for as long as the Client owns the investment, as described in the prospectuses for those products; not all mutual funds pay 12b-1 Fees.

Compensation earned by Financial Advisors in their capacities as registered representatives or insurance agents is separate and in addition to our Management Fees. Clients are advised that a conflict of interest exists because some Financial Advisors will have an incentive to recommend the securities and insurance products based on the compensation to be received (including brokerage commissions, sales charges, 12b-1 Fees from the sale of mutual funds, and insurance commissions), and in some cases, the prospect of encouraging cross-referrals to Kelman-Lazarov of prospective advisory Clients, rather than based solely on the Client's needs. Financial Advisors providing investment advice to advisory Clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when the Clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest.

Client is under no obligation, contractually or otherwise, to purchase securities or insurance products through one of our Financial Advisors, or otherwise implement or act upon a Financial Advisor's recommendations. Clients can generally purchase similar investment products or services through other firms that are not affiliated with Kelman-Lazarov. Clients may purchase mutual funds directly from mutual fund companies. The products may be available on a low or "no-load" basis. Although we recommend "load-waived" mutual fund share classes, many of the mutual funds we recommend carry 12b-1 Fees higher than a Client is able to obtain through direct purchases from a mutual fund company or from other financial services firms. If a Client chooses to purchase investments directly or through another intermediary, the Client will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of the Client's financial situation, investment objectives, risk tolerance, and liquidity needs.

Financial Advisors may recommend other professionals with whom the Financial Advisor has a personal relationship to implement financial planning, consulting, insurance or other recommendations. In certain cases, the Financial Advisor will recommend Client to a third party professional with whom Kelman-Lazarov has an arrangement to share in any compensation from Client's purchase of any products or services (including life, health, or long term care products), or where the Financial Advisor is an agent for the issuing insurance company or product sponsor and Kelman-Lazarov will receive a share of any compensation arising from Client purchases. Clients are advised that a conflict of interest exists in these circumstances because some Financial Advisors will have an incentive to recommend the third party and its products and services based on the compensation to be received, and the prospect of encouraging cross-referrals of prospective advisory Clients to Kelman-Lazarov, rather than solely based on Client's needs.

Clients are under no obligation to act upon any of the recommendations made by a Financial Advisor under a financial planning or consulting engagement or to engage the services of any such recommended professional. Clients retain the absolute right to decide whether or not to act on such recommendations, and if they choose to act on such recommendations, whether to purchase any products or services through the Financial Advisor or Mutual Securities, or through another broker-dealer, insurance agency, or financial institution of their choosing, which may charge less (or more) for such products or services.

Kelman-Lazarov has adopted the following steps to address the conflicts of interest in these situations:

- we disclose the existence of the conflict of interest that arises from the incentive some Financial Advisors have to earn more compensation from recommending the purchase of securities and insurance products over and above the Advisory Fees Kelman-Lazarov receives;
- we disclose to Clients they have the right to decide whether or not to act on such recommendations, and if they choose to act on such recommendations, they have the right to purchase such products through Mutual Securities and the Financial Advisors, or through other broker-dealers, insurance agencies, or financial institutions of their choosing, which may charge less (or more) for such products;
- we request Clients provide and update material information regarding their personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the advisory account that will be managed by us, and we conduct regular reviews of account investments;
- we require that the Financial Advisors seek prior approval of outside employment activity so that we may detect conflicts of interests and ensure such conflicts are properly addressed;
- we periodically ask Financial Advisors to certify information regarding their disclosed outside employment activities; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients.

Rules of the Financial Industry Regulatory Authority (FINRA) require that a broker-dealer supervise the participation of its registered representatives in securities activities, even when the representative is working for an investment adviser. For our Financial Advisors who are also registered representatives of a broker-dealer (referred to as "Dual Representatives"), the broker-dealer they are associated with (the "Broker-Dealer") will review the Dual Representative's Client accounts, records, transactions, statements, and other items containing Client personally identifiable information, and will make and retain books and records containing Client personal information, whether or not the Client maintains an account with the Broker-Dealer or its clearing firm. Client personal information will be provided to the current Broker-Dealer and each successor Broker-Dealer for supervisory purposes pursuant to FINRA Rules, and the Broker-Dealer may retain the Client's personal information in its books and records.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics and Personal Trading

Kelman-Lazarov has adopted a Code of Ethics ("the Code") expressing the firm's commitment to ethical conduct, the full text of which is available to you upon request. Kelman-Lazarov's Code has several goals. First, the Code is designed to assist Kelman-Lazarov in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Kelman-Lazarov owes fiduciary duties to its Clients. Pursuant to these fiduciary duties, the Code requires persons associated with Kelman-Lazarov (managers, officers and employees) to act with honesty, good faith and fair dealing in working with Clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Kelman-Lazarov's associated persons. Under the Code's Professional Standards, Kelman-Lazarov expects its associated persons to put the interests of its Clients first, ahead of personal interests. The Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Kelman Lazarov's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable federal securities laws. In this regard, Kelman-Lazarov associated persons are not to take inappropriate advantage of their positions in relation to Kelman-Lazarov Clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities and annual holdings of associated persons. From time to time, Kelman-Lazarov's associated persons may invest in the same securities recommended to Clients. Under its Code, Kelman-Lazarov has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage Clients. The Code also provides for disciplinary action as appropriate for violations.

Participation or Interest in Client Transactions

As outlined above, Kelman-Lazarov has adopted procedures to protect Client interests when its associated persons invest in the same securities as those selected for or recommended to Clients. In the event of any identified potential trading conflicts of interest, Kelman-Lazarov's goal is to place Client interests first.

Consistent with the foregoing, Kelman-Lazarov maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with Client transactions. If a Kelman-Lazarov associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

Finally, if associated persons trade with Client accounts (e.g., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among Client accounts in accordance with Kelman-Lazarov's written policy.

Item 12 Brokerage Practices

Recommending Custodians and Brokers

Client assets must be maintained in an account maintained with a "qualified custodian". Kelman-Lazarov recommends, but does not require, Clients to use Schwab Advisor Services division of Charles Schwab & Co., Inc., member FINRA/SIPC, member FINRA/SIPC ("Schwab"); however, Kelman-Lazarov does require Clients to use a qualified custodian reasonably acceptable to Kelman-Lazarov. Schwab is an independent broker-dealer not affiliated with Kelman-Lazarov. Schwab is also referred to as "Custodian."

Custodian will hold Client assets in a brokerage account and buy and sell securities when Kelman-Lazarov instructs. While Kelman-Lazarov recommends Schwab as custodian and broker, Client will ultimately decide whether to accept this recommendation by entering into an account agreement directly with Schwab to open the custodial and brokerage account. Kelman-Lazarov does not open the custodial and brokerage account for the Client. If a Client does not wish to place their assets with a

Custodian, Kelman-Lazarov will not manage the Client's account. Even though Client's account is maintained at a particular Custodian, under certain circumstances Kelman-Lazarov may still be able to use other brokers to execute trades for the Client's account, as described below.

Best Execution

How Kelman-Lazarov Selects Brokers/Custodians. As a fiduciary, Kelman-Lazarov has an obligation to seek to obtain best execution of a Client's transactions, considering the circumstances of the particular transaction. Kelman-Lazarov seeks Custodians who are brokers (or affiliated with a broker) and who will hold Client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. Kelman-Lazarov considers a wide range of factors, including, among others, the following:

- trade execution services and custodial services (generally without a separate fee for custody);
- capability to execute, clear and settle trades;
- capabilities for transfers and payments to and from accounts (wire transfers, check requests, etc.);
- breadth of available investment products (stocks, bonds, ETFs, mutual funds);
- availability of investment research and tools that assist Kelman-Lazarov in making investment decisions;
- quality of services;
- competitiveness of prices for its services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider;
- availability of other products and services that benefit Kelman-Lazarov and its Clients, as discussed below.

Kelman-Lazarov has evaluated the full range of brokerage services offered by Schwab and considers it to have good execution capabilities and financial stability compared to comparable brokers that offer institutional advisory platforms for the types of securities and instruments that Kelman-Lazarov uses in its strategies. While Kelman-Lazarov believes the commissions and fees charged by Schwab are competitive, transactions may not always be executed at the lowest available commission rate.

Client Custody and Brokerage Costs. Schwab generally does not charge Clients separately for custody services, but is compensated by charging Client accounts commissions or other fees on trades that the Custodian executes or that settle into the account maintained with the Custodian. The Custodian may also charge the Client a flat dollar amount as a "prime broker" or "trade away" fee for each trade Kelman-Lazarov has executed by a different broker-dealer but where the securities bought or the sales proceeds are deposited (settled) into the Client's account with the Custodian. These fees are in addition to the commissions or other compensation the Client pays the executing broker-dealer. Because of this, in order to minimize Client trading costs, Kelman-Lazarov has the Custodian execute all or virtually all trades for the Client's account.

Products and Services Available to Us from Custodian. Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. Through this program, Schwab offers to independent investment advisors various services not generally available to retail investors, including custody of securities, trade execution, clearance and settlement, and access to mutual funds otherwise only available to institutional investors. Schwab also makes available various support services. Some of those services help Kelman-Lazarov manage or administer our Client accounts, while others help us manage and grow our business. Custodian's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a minimum amount of Client assets in accounts with the Custodian. For example, Schwab's support services are generally available at no charge to us as long as we keep a total of at least $10 million of our Clients' assets in accounts at Schwab. Following is a more detailed description of Schwab's support services:

Services that Benefit Clients. Custodian's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through the Custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment, and access to mutual funds with no transaction charges and to certain institutional money managers which may result in lower Client expenses. These services generally benefit Clients and their accounts.

Services that May Not Directly Benefit Clients. Some of the useful benefits and services made available by the Custodian through its institutional program may benefit Kelman-Lazarov but may not benefit all or any Client accounts. These products and services assist Kelman-Lazarov in managing and administering Client accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our Clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to Client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple Client accounts
- provides pricing and other market data;
- facilitate payment of our fees from our Clients' accounts
- assists with back-office functions, recordkeeping and Client reporting.

Services that Generally Benefit Primarily Kelman-Lazarov. Custodian also offers other services intended to help Kelman-Lazarov manage and further develop its business enterprise. Although the following services are important in helping us to maintain and improve the overall services we provide our Clients as a whole, any particular Client may tend to benefit only indirectly (or not at all) from any particular service, whereas our firm will benefit directly from the services it receives, such as:

- educational conferences and events;
- technology, compliance, marketing, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Custodian may provide some of these services directly, or in other cases, will arrange for third-party vendors to provide the services to Kelman-Lazarov. It may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Custodian may also provide Kelman-Lazarov with other benefits such as occasional business entertainment of Kelman-Lazarov personnel.

Brokerage Services Do Not Benefit Specific Accounts. Kelman-Lazarov does not attempt to put a dollar value on the useful benefits and services each account receives from the Custodian, nor does it attempt to allocate or use the economic benefits and services received from Custodian for the benefit of the accounts maintained with that Custodian, or attempt to use any particular item to service all accounts. Some of the products and services made available by Custodian may benefit Kelman-Lazarov but may not benefit all or any of Kelman-Lazarov's Client accounts. The benefits and services Kelman-Lazarov receives from Custodian are used to help Kelman-Lazarov to fulfill its overall Client obligations.

Kelman-Lazarov Interest in the Custodian's Services. The availability of these services from the Custodian benefits Kelman-Lazarov because it does not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. However, if we did not recommend Schwab's services, it is unlikely that we would continue to receive Schwab's services. Our interest in continuing to receive Schwab's services gives us an incentive to recommend Clients maintain accounts with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on the Client's interest in receiving the best value in custody services and the most favorable execution of our transactions. This is a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our Clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see above, "*How Kelman-Lazarov Selects Brokers/Custodians*") and not Schwab's services that benefit only us.

Soft Dollars

Kelman-Lazarov generally does not engage in formal soft dollar arrangements where Kelman-Lazarov commits to direct portfolio brokerage commissions to a broker-dealer in return for specified brokerage or research services that Kelman-Lazarov may use in making investment decisions for its Clients. However, Kelman-Lazarov does receive the useful benefits and services described above received from the Custodian.

Section 28(e) of the Securities Exchange Act of 1934 provides that an advisor does not breach fiduciary duties under state or federal law solely by causing its Clients' accounts to pay brokerage commissions in excess of the amount another broker-dealer would have charged if the adviser determines in good faith that the commissions are reasonable in relation to the value of brokerage and research services received. It is Kelman-Lazarov's policy to operate within the safe harbor of Section 28(e).

These services are not contingent upon Kelman-Lazarov committing any specific amount of business to a Custodian in trading commissions or assets in custody. Kelman-Lazarov has an incentive to recommend that Clients maintain their accounts with Schwab based on Kelman-Lazarov's interest in receiving the services described above that benefit Kelman-Lazarov's business rather than based on the interest of its Clients in receiving the best value for custody services and the most favorable execution of their brokerage transactions.

The availability of these useful services creates a financial incentive for Kelman-Lazarov to recommend the Custodians for Client accounts so Kelman-Lazarov can continue to receive these services and avoid paying for them separately at Kelman-Lazarov's own expense. Our interests conflict with our Clients' interests in obtaining the lowest possible execution costs. This is a conflict of interest. Kelman-Lazarov believes, however, that its recommendation and selection of Schwab as custodian and broker is in the best interests of its Clients. Our decision to select Schwab is primarily supported by the scope, quality and price of its services (based on the factors discussed above - see "How We Select Brokers/Custodians") and not the services that benefit only Kelman-Lazarov.

Although we strive to address this conflict in a manner consistent with our fiduciary duty, and we disclose this conflict to our Clients, our judgment may be affected such that our efforts may not be entirely successful. To help mitigate this conflict, we have adopted procedures to analyze periodically the services and programs provided by or available through our brokers, to evaluate the usefulness of these services in relation to the costs of the services, and to assess the overall quality of the services.

Lower Costs Available for Similar Services

We offer no assurance that the commissions or investment expenses Clients will incur by using Schwab as their custodian and broker will be as low as the commissions or investment expenses charged by other firms for similar services. It is likely that lower costs may be available for similar services from other advisers, brokers or custodians, and by paying lower costs, Clients could improve their long-term performance.

Directed Brokerage

We do not recommend, request, or require "directed brokerage" instructions in which a Client directs us to use a particular broker (other than Schwab) to execute all their brokerage orders, even if we could obtain more favorable execution elsewhere. Because of the compliance and regulatory requirements applicable to registered representatives of Schwab, Kelman-Lazarov will usually not accept direction to place brokerage with brokers other than Schwab, except in unusual circumstances and with Schwab's prior approval.

When a Client directs the use of a particular broker-dealer (and we agree to such direction), we will not aggregate the Client's orders with the orders of Clients at other brokers. Orders for these accounts will not be placed until after orders are placed for accounts that have not directed the use of a particular broker. As a result, the Client will not receive the benefit of reduced transaction costs or better prices that may result from aggregation of Client orders. Further, when we are directed to use a particular broker-dealer, we will not have the authority to negotiate commissions, obtain volume discounts, or seek price improvement from other broker-dealers.

Consequently, Clients should understand that the direction to place orders with a broker-dealer may result in the broker not achieving most favorable execution of the Client's transactions. This practice may cost the Client more than if we had discretion to select another broker-dealer. A disparity may arise such that Clients who direct brokerage may pay higher overall transaction costs and receive less favorable prices than Clients who do not direct brokerage.

Order Aggregation

Kelman-Lazarov may aggregate orders for the purchase or sale of securities on behalf of the accounts it manages. Proprietary accounts of our firm or its supervised persons (employees) may participate in block orders on the same basis as Clients. The ability to have orders aggregated into a "block order" with other Clients can offer economic benefits, including the potential for volume discounts on their orders, timelier execution, a reduction of adverse market effects that can occur from separate, competing orders, and mutual sharing of transaction costs. For accounts that purchase individual securities, such as stocks or bonds, the broker may be able to negotiate price improvements for block orders. For mutual fund orders, if no economic benefit is received from the use of block orders, they will not be used.

Block orders are typically placed through an "average price account" or similar account such that transactions for accounts participating in the order are averaged as to price, and the securities purchased or net proceeds received are allocated pro-rata among the accounts in proportion to their respective orders placed that trading day.

Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless we determine that another method of allocation is equitable (such as an alphabetical rotation, rotation based on the Clients of a particular Representative, or other method). Exceptions may be granted or allowed due to varying cash availability, divergent investment objectives, existing concentrations or weightings in the security or asset class, tax considerations, performance relative to a benchmark, performance relative to other accounts in the same strategy or portfolio, or a desire to avoid "odd lots" (an amount of a security that is less than the normal unit of trading for that security).

Trade Errors

It is our firm's policy for Clients to be made whole following a trade error. However, the custodian of the Client's account has adopted separate policies that differ from ours and which will control in virtually all situations. Charles Schwab & Co.'s trade error policy provides that if correction of a trade error results in an investment gain, the gain will remain in the Client's account unless (i) the same error involved other Client account(s) that should have received the gain, (ii) it is not permissible for the Client to retain the gain, or (iii) Schwab confers with the Client and the Client decides to forego the gain. If the gain does not remain in the Client's account and Schwab is the custodian, Schwab will donate the amount of any gain of $100 and over to charity. Losses greater than $100 will be paid by our firm, as the Client's adviser.

In all cases of gains or losses under $100, Schwab will pay the loss and retain any gain (if such gain is not retained in the Client account) to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the Clients account, they may be netted.

Item 13 Review of Accounts

A. Account Reviews

Kelman-Lazarov continuously monitors the securities held in the Asset Management accounts and performs at least quarterly reviews of account holdings for consistency with the investment objectives, investment strategy, risk tolerance, and guidelines established with the Client. More frequent reviews may be triggered by changes in a Client's financial circumstances, liquidity needs, tax or financial status, as well as by economic, macroeconomic, political, or market activity or events. The Representative assigned to an Asset Management account regularly evaluates the portfolio, at least quarterly, for consistency with the account's investment objective, investment restrictions.

Generally, Retirement Consulting, Financial Planning, and Consulting Services do not include reviews, unless specifically included in the Client's Advisory Agreement, or upon request of the Client.

B. Client Reports

Asset Management accounts will receive monthly or quarterly account statements and confirmations from their Custodian. Unless specifically agreed in the Client's Advisory Agreement, Kelman-Lazarov will not provide a written report or electronic or online financial plan in connection with the Retirement Consulting, Financial Planning, and Consulting Services. Please refer to Item 15 for further information about account statements.

Item 14 Client Referrals and Other Compensation

As noted above, Kelman-Lazarov may receive an economic benefit from Schwab in the form of support products and services it makes available to Kelman-Lazarov and other independent investment advisors that have their Clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described in Item 12 - Brokerage Practices. The availability of Schwab's products and services to Kelman-Lazarov is based solely on our participation in the custodian's programs and not in the provision of any particular investment advice, such as buying particular securities for our Clients.

From time to time, Kelman-Lazarov may enter into arrangements with third parties ("Solicitors") to identify and refer potential Clients to Kelman-Lazarov. Consistent with legal requirements under the Investment Advisers Act of 1940, as amended, Kelman-Lazarov enters into written agreements with Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to prospective Clients before they enter into an agreement with Kelman-Lazarov, as well as deliver a Solicitor's Disclosure Statement and a copy of this Kelman-Lazarov Brochure (Form ADV Part 2A) to prospective Clients. At this time, Kelman-Lazarov does not have a Solicitor arrangement with a third party.

Item 15 Custody

Kelman-Lazarov is deemed to have "custody" of the assets of Client accounts as a result of its ability to deduct fees from the Client's custodial account, as authorized by the Client's Advisory Agreement. Additionally, standing authorization for third party checks, wires and ACH transfers are permitted. Assets will be held in the name of the Client by the Custodian. Please refer to Item 5 for information regarding deduction of Advisory Fees from Client accounts.

The Custodian will deliver account statements directly to the Client on at least a quarterly basis; Kelman-Lazarov does not provide statements to Clients. Kelman-Lazarov urges Clients to review the account statements from the Custodian and compare them to information received from Kelman-Lazarov to identify any discrepancies. Report any issues promptly to Kelman-Lazarov using the contact information provided on the front of this Brochure.

Trustee Services

Persons associated with our firm may serve as trustees to certain accounts for which we also provide investment advisory services. In all cases, the persons associated with our firm have been appointed trustee as a result of a family or personal relationship with the trust grantor and/or beneficiary and not as a result of employment with our firm. Therefore, we are not deemed to have custody over the advisory accounts for which persons associated with our firm serve as trustee.

Third-Party Standing Letters of Authorization

Clients may provide the qualified custodian of their account a written instruction authorizing Kelman-Lazarov to direct transfers to a specified third party, either on a set schedule or from time to time, subject to certain regulatory requirements pursuant to the Custody Rule; and as a result, Kelman-Lazarov is deemed to have custody of the client's accounts.

Item 16 Investment Discretion

Clients will generally be asked to grant Kelman-Lazarov discretion in the management of the Client's account. Such discretionary authorization is specified in the Asset Management Agreement executed by the Client, and is limited to the selection and the amount of securities to be purchased or sold in the Managed Account and the timing of any transactions therein, as well as the broker or dealer to be used for each Client securities transaction, without receiving prior consent from the Client for each transaction.

Kelman-Lazarov may offer non-discretionary asset management services on a limited basis, at the discretion of the firm. Client with non-discretionary arrangements must be contacted prior to the execution of any trade. Clients with non-discretionary arrangements retain the responsibility for the final decision on all actions taken within the account.

Item 17 Voting Client Securities

As a policy and in accordance with its Client agreement, Kelman-Lazarov does not have, and will not accept, authority to vote Client securities. Clients will receive their proxies or other solicitations directly from the custodian. Clients may contact Kelman-Lazarov at (855) 273-6719 with questions about a particular proxy or solicitation. However, Kelman-Lazarov does not typically research nor develop a firm opinion with regard to a particular proxy or solicitation.

If you represent an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, ("ERISA") as amended or Section 4975 of the Internal Revenue Code ("ERISA Client"), please note that Kelman Lazarov is expressly precluded from taking any action or rendering any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in an ERISA Plan's Account.

Similarly, Kelman-Lazarov does not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held for a Client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation. Although we do not advise Clients regarding such matters, Clients may contact Kelman-Lazarov at (855) 273-6719 with questions or information about forwarding materials to the Client or their representative.

Item 18 Financial Information

Kelman-Lazarov does not require nor solicit prepayment of more than $1,200 in fees per Client, six months or more in advance, and has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients. Therefore, no disclosure is required for this item.