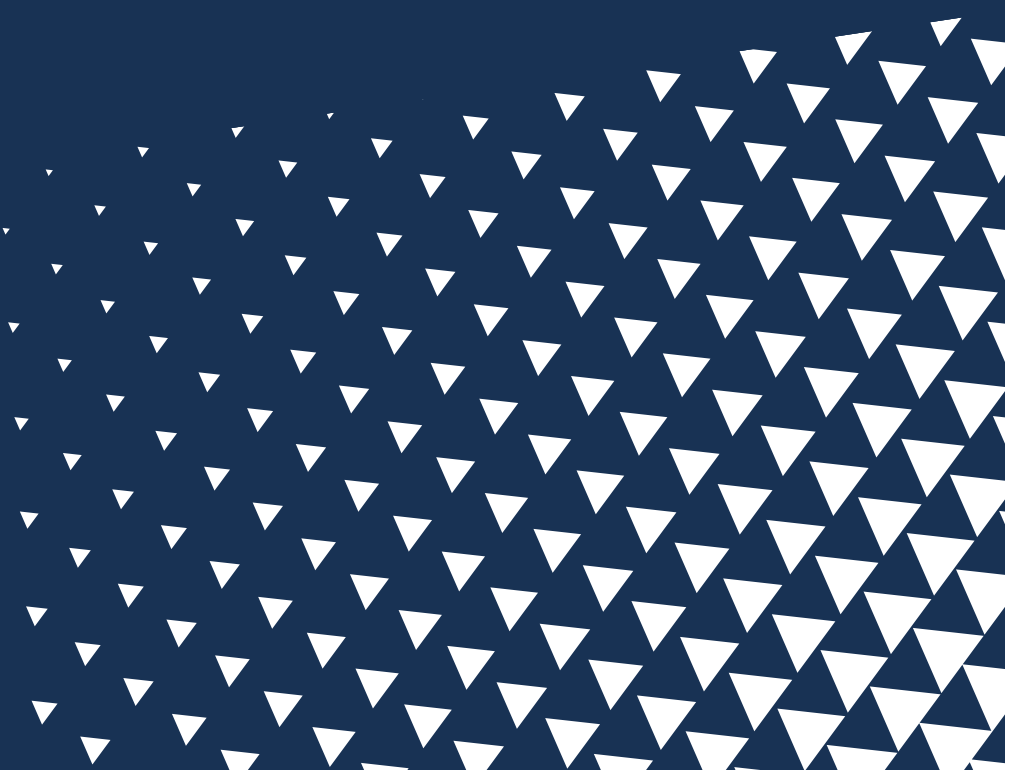


August 2023

---

**PROACTIVE**  
**ADVISORS, LLC**

**Customer Relationship  
Summary**



836 Euclid Ave., Suite 306  
Lexington, KY 40502



859.263.1117



info@proactiveresources.com



www.proactiveadvisors.com



**ProActiveAdvisors**<sup>LLC</sup>  
*"Who's Watching Your Money?"*

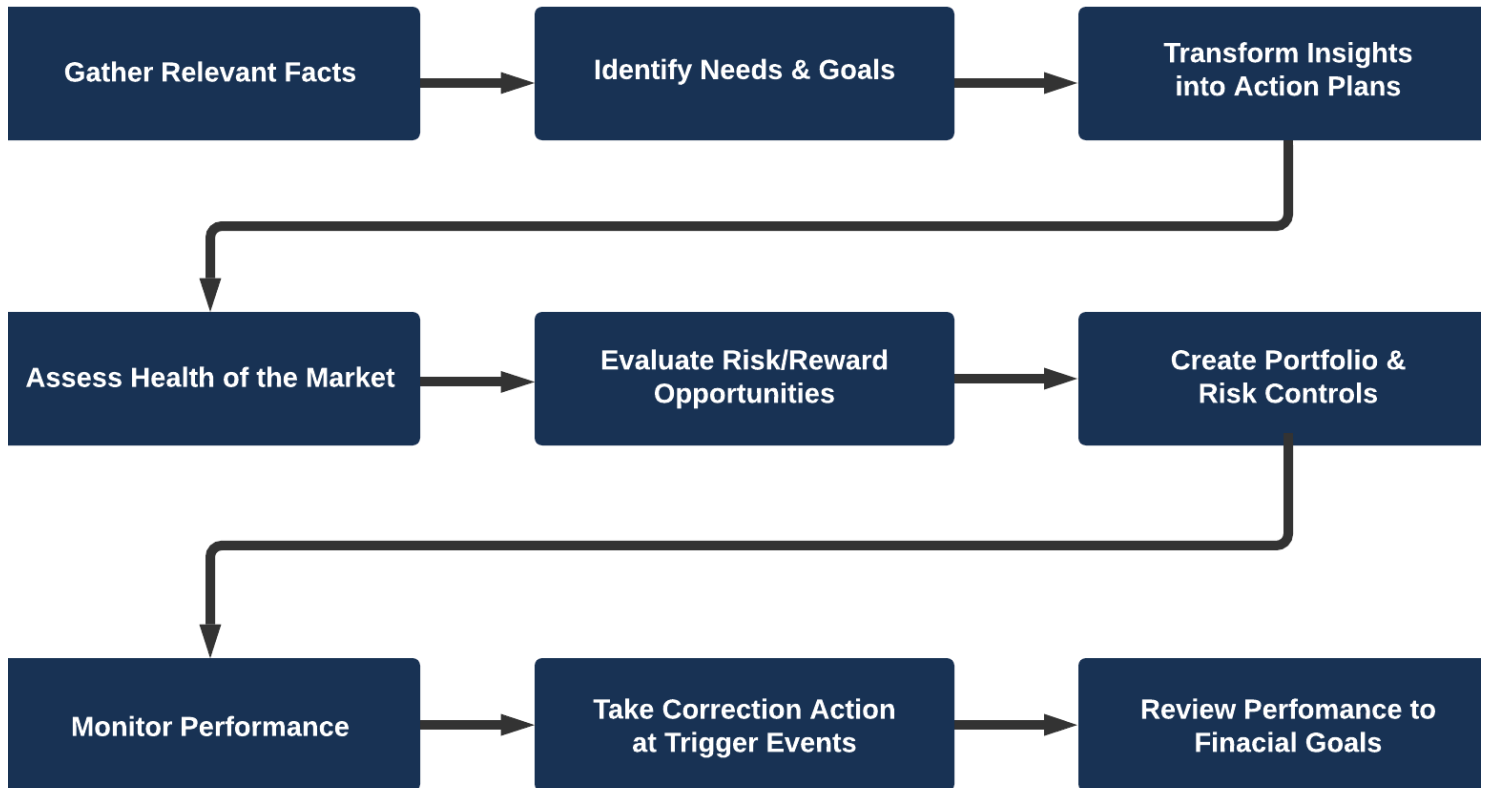


# Introduction

ProActive Advisors, LLC is a Registered Investment Advisor . We are a privately-owned, truly independent firm conducting business under a fiduciary standard of care. That is, we are not affiliated with any bank or broker-dealer, nor do we receive 12B-1 fees, Soft Dollar, or order flow fees. The only fees paid to us are from our clients. We became registered with the SEC in May of 2008. Our SEC CRD# is 147322. We are state-registered advisors in the Commonwealth of Kentucky, with clients in states ranging from Maryland to Texas.

There are free and simple tools available to research firms and financial advisors at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisors, and investing.

## ProActive Advisors Customer Relationship Process





## Relationships & Services

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

We offer financial counsel and investment management services to investors. Our clients are individuals, families, small business owners, and private trusts. Our services consist of financial planning, money management, college planning, retirement planning, business consulting, and estate planning services. All ProActive clients utilize third-party custodians who hold their accounts and report independently and directly to them.

Clients engage our services to devise strategies to meet the challenges they face and utilize our money management services for greater assurance that they can achieve their goals. Typically, our fee for services are all-inclusive and include financial advice and money management. We do provide a la carte financial planning services on an hourly basis at the rate of \$250 per hour.

Our investment management is done with your consent for us to use our discretion to identify, buy, and sell securities on your behalf. You may limit our discretion or use our non-discretionary advisory services to obtain financial advice and guidance without money management, however, non-discretionary accounts are not our typical accounts. Furthermore, in gathering information about your financial wellness and needs we may identify life insurance, long-term care, key personnel, guaranteed income, and/or deferred tax needs that are best met with insurance products that have certain guarantees or floors against principal loss.

ProActive investment advisor representatives may be licensed to offer these insurance products or you may elect to use an outside agent. In either case, the insurance company will compensate them directly and ProActive will not receive any part of that commission. Our compliance department will review the proposed product sale to verify its suitability and to make sure any potential conflict of interest is disclosed and hopefully avoided. Please see our form ADV Part 2A Brochure also called ProActive Advisor's Firm Brochure for additional details about our services, operations, and fee for advisory services. You may also call ProActive for additional information at 859.263.1117.

## Ask Your Financial Advisor These Questions...

- ➔ **Given my financial situation, should I work with an advisory firm? Why or why not?**
- ➔ **How will you choose investments for me or recommend what I should invest in?**
- ➔ **What is your relevant experience, including licenses, education, and other qualifications? What do these qualifications mean?**

# Fees, Costs, Conflicts, & Standard of Conduct

Your fee for our advisory services is a negotiated, annual fee based upon the complexity of your circumstances as well as the value of assets we manage for you. The fee we agree to is listed on your Advisory Agreement with us. You are responsible for the payment of any third-party fees such as custodial fees, brokerage, mutual fund, bond call fees, etc.

We do not share in any fees from trades we make for you and since fees are a cost, we strive to minimize and eliminate them. We do not have a minimum account size. We eliminated asset size account minimums to broaden access to our advisory services to more clients. We also allow you to aggregate accounts of family members to qualify for lower fees.

We do however have a minimum account fee of \$1,500 annually and we will not accept accounts if that minimum fee would equal more than a 1.5% annual fee because we insist that fees not be an impasse to good returns. Instead, we may reduce our fee as long as you are actively saving at least quarterly. Also, please understand that you will pay fees and expenses whether you make or lose money on your investments as that is the standard practice of investing in the financial markets. There are no guarantees. Only opportunities with probabilities.

ProActive Advisors **cannot** control what happens in the financial markets nor do we have a crystal ball. Our advisory services are to assist you in making sound financial decisions and to navigate the financial markets devoid of emotions using our time-tested money management discipline to take corrective action as necessary so you can achieve your financial goals over the long term.

## → Ask Your Financial Advisor:

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



## How Do Your Financial Professionals Make Money?

ProActive Advisors' staff are salaried employees. We pay all of our staff from the income clients pay us. In the event you purchase life insurance or an annuity through a licensed employee acting as an agent for an insurance company, a compliance review will evaluate it for conflict of interest purposes. The agents will be paid by the insurance company and those direct to agent commissions will not be paid to or shared with ProActive Advisors. The agent will be acting for you **and** as an agent for the insurance company.

# What Are Your Legal Obligations to Me When Acting as My Investment Advisor?



When you engage us as your financial advisor, we are legally obligated to act in your best interest and not put our interest ahead of yours. We work diligently to honor this duty and have policies and procedures in place to mitigate conflicts of interest. When a conflict of interest is known we disclose it and discuss how to address it. For example, if we discover that you need better tax advice or legal representation to draw up wills, a durable power of attorney, or you may need to sell property, we may benefit by making a referral to another professional advisor. We do not receive compensation for making the referral, but by making it they may be more inclined to reciprocate referrals of their clients to us.

# Explain so I can understand how these fees might affect my investments if I invest \$100,000. How much of the \$100,000 will actually go to work for me?

ProActive is a fiduciary advisory firm placing your interest above our own. We are licensed to provide financial advice and manage money. Broker-dealers are licensed to sell investments. Because publicly-traded security transactions must legally go thru a broker-dealer or exchange (unless they are non-traded or private securities subject to LLC or partnership agreements), there is a bid and ask to sell and buy with a spread between the two. This spread is the broker or exchanges' fee for the trade.

ETF's and mutual funds, which are baskets of securities in a pooled account arrangement also have bid-ask spreads. ETF's trade intraday while mutual funds typically trade at the end of the day. Their fees range from .03-5.0% on average, in addition to their ongoing internal expenses:



- **Class A Shares**  
Charge upfront commission of 2-5% on average, with lower, on-going internal expenses
- **Class B Shares**  
Require you to stay invested in the fund family for a minimum term while they collect fees over that term. Class B shares have higher internal expenses and early redemption penalties.
- **Class C Shares**  
No early redemption penalty charges, but higher, on-going internal fees than Class A, shares expenses paid the entire time you own the shares
- **Class R, Y, I or Index Fund Shares**  
Lower expense and No Commission Shares are favored by ProActive Advisors.

## How will investment work for me, cont.?

When there appear to be no commissions, the broker is typically receiving order flow compensation or charging fees somewhere else, perhaps charging higher margin costs, lowering money market yields, or adding statement charges to cover the operational, legal, reporting, and other real costs of doing business.

ProActive watches trade executions to ensure you receive the best execution price through your custodian. Broker-Dealers are legally required to provide "best execution," meaning at the second we place your trade, they MUST direct your trade to the lowest seller (Bid) if you're purchasing and the highest buyer (Ask) if you're selling. Bid and Ask spreads are greater on illiquid stocks, ETF's, and Bonds. Wide spreads increase your cost and reduce your profitability or increase your loss.

The impact of buying \$100,000 in investments and having a 3% upfront commission means only \$97,000 of your money goes to work for you. The impact of internal fees and charges is totaled in the expense ratio and reduces the Net Asset Value of what you own. ProActive monitors these elements in buying investments and in selling them. Trading costs, the frequency of trades, spreads, and trade timing all have an impact on your financial results.

ProActive does not receive any compensation other than the fee you pay us and higher costs reduce your account value, therefore we have the same objective as you to get good execution and to pay lower expenses.

## Ask Your Financial Advisor These Questions...



**Who is my primary contact person?**



**Is he/she a representative of an investment advisor or broker-dealer?**



**Who can I talk to if I have concerns about how this person is treating me?**

## Additional Information

For more information on our advisory firm or to download this Customer Relationship Summary, visit us at [www.proactiveadvisors.com](http://www.proactiveadvisors.com). Or, you may call our office at (859) 263-1117.

## Disciplinary History

# Do you or your financial professionals have legal or disciplinary action?

ProActive Advisors does not have any disciplinary history nor does any advisor with ProActive Advisors have any disciplinary event in their history with ProActive. There is a single event recorded as two disclosures dating back to 2003 involving Mr. York's former state-registered advisory firm and his broker-dealer. This event had four, unsubstantiated allegations made by the KY Dept of Financial Institutions that were vehemently denied and rebutted. Complete details may be found in the Supplement to our Firm Brochure Form ADV Part 2B available on our website, but below is a summarized commentary:

In November 2001, Mr. York's state-registered advisory firm, Capital Advisors Group, Inc., purchased the brokerage account securities of a former client and recorded the long-term liability on his firm's balance sheet. No interest or payments were due until maturity in five years. The client had lost money day trading his own account and the 2000 market correction increased his loss. The client then engaged Mr. York's advisory firm to manage the account. Because this occurred during the market correction of 2000-2002 and his account was not increasing in value, the client soon canceled his management agreement no longer wanting to pay management fees. Later, the client had some municipal bonds called and the client complained to Mr. York that he was still being charged management fees. He withdrew his complaint when it was demonstrated the charges were clearing firm charges for the bond redemptions and not management fees.

The KY Dept. of Financial Institutions alleged the account purchase contract was a disguised loan, that the confidentiality clause restricted the client's right to complain amounting to a fraudulent and unethical practice and that the liability made the advisor insolvent. Because Mr. York also owned an SEC-registered advisory firm and broker-dealer, the SEC and NASD (now FINRA) were called to also examine Mr. York's businesses. After examination of all the associated paperwork evidencing the contract was duly executed, notarized, and collateralized with a UCC filing made, they concluded the contract was legitimate and lawful. The SEC took no action other than to recommend Mr. York consolidate his state firm with his SEC advisory firm. Mr. York offered to rescind the purchase contract with the client, however, the client refused the offer. After consolidating his advisory businesses and acknowledging Mr. York's forthright acts to resolve the matter the KY Dept. of Financial Institutions and Mr. York entered into an Undertaking Settlement agreement stating there were "no findings of fact, only allegations by both parties" without any fines, suspensions, sanctions, or penalties.

After the issue extended another two years (until 2005), Mr. York and Interactive Planning Corp., his broker-dealer, signed a Waiver & Consent order with the NASD for membership rule violations for their failure and negligence to timely file the customer complaint within 10 days, their failure and negligence to maintain the complaint in the firm's complaint file rather than its correspondence file, their failure and negligence to file an updated Form U4 disclosure of the complaint, and for the excessively restrictive language of the confidentiality clause requiring non-disclosure of the parties' contract. NOTE: Mr. York voluntarily provided a copy of the purchase contract when asked for it. The settlement included payment of a ten thousand dollar fine by Mr. York and his broker-dealer to continue their membership in good standing.