

FAQ – FREQUENTLY ASKED QUESTIONS

Q. Why should I consider ProActive Advisors over a much larger firm?

A. Our Advisors are fiduciaries who strive to help you gain the rewards of investing. Our *value-added* is helping you plan and utilize investment strategies to keep more of what you make—after taxes and inflation. We guide you through the numerous challenges that can adversely impact your family's financial security. Our firm was founded by a *Morningstar* Five Star Fund manager who formulated our investment methodology—an adapted Total Return process that works to capture interest, dividends, and capital gains with a focus on compounding. We work to reduce your investment expenses, help you own the best investments and manage your account(s) to combat market risks.

Q. Is ProActive Advisors affiliated with a Brokerage firm selling investments?

A. ProActive Advisors is Fiduciary Advisor. We are not affiliated with any bank, brokerage, or insurance firm. We are a fee-only Registered Investment Advisors licensed to provide financial planning, investment advice and money management.

Q. What is the difference between a Broker and a Registered Investment Advisor?

A. A broker is a Registered Representative of a broker dealer licensed to sell investments. RRs are not legally required to act in a client's best interest or operate under a fiduciary standard of care to place the client's interest above their own. If you look at business cards, office doors, and windows you'll be able to determine what kind of firm you're walking into as brokerage firms are required to display logos like these at the sidebar while a Fiduciary Advisor licensed to provide financial advice will not.



Q. Are some Brokers/Registered Representatives also Fee-based Advisors?

A. Yes. Some brokerage firms also have subsidiaries that are RIAs and permit their commissioned Reps to work both ways even with the same client. This means you could have some accounts with the brokerage firm that are commission-based accounts while having another that is fee-based. You could also end up purchasing a limited partnership or commission based (Load) mutual fund with an upfront or deferred sales charge. Dual licensed Reps switch hats with the client often unbeknownst to their clients which can make it quite difficult to know what your investment costs are and what you are earning.

Q. What assurance do I have that my Account(s) are safe with ProActive Advisors?

A. Client accounts managed by ProActive Advisors are held at a qualified, third-party custodian—Altruist, Charles Schwab, TIAA-CREF, Fidelity, Vanguard—the client's choice. You grant us "*screen access*" to place trades on your behalf and you have 24/7/365 on-line access to view you accounts. Our financial advisors do not receive any fees or commissions from these custodians, including 12B-1 fees passed through from mutual funds. The custodians report independently and directly to you providing you with full transparency. Your cash and securities are insured against theft and embezzlement by SIPC and many of the large brokerage firms additionally provide private insurance to protect larger accounts.

Q. How much do you charge?

A. ProActive Advisors charges a financial planning fee on a hourly or project basis, or an annual management fee billed quarterly for financial planning, account management and tax planning. Our typical comprehensive fee is .25% per quarter or 1.0% a year.

Q. Are there any long-term contracts to sign?

A. No. Our Investment Advisory agreement may be cancelled with 30 days' notice by either party with a pro rata refund of fees paid but not earned for the period.

Q. Describe Your Investment Management Style?

A. ProActive Advisors has a well-honed investment process that consists of five basic steps that are recurring. In **Step 1** we evaluate the *Health the Market* utilizing software that scores the probability for a market correction. In **Step 2** we *rank & score investments* based on their potential opportunity for achieving above-average performance. In **Step 3** we set portfolio asset allocations considering *potential risks & threats* to achieving expected returns using portfolio types that match clients' objectives. In **Step 4** we set *alerts tied to thresholds of loss* to monitor. And in **Step 5** we *monitor results using proprietary indicators that trigger portfolio reviews restarting the process* to gauge the health of the market, expected returns, best opportunities, potential risks, and favorable asset allocation.

Q. Does ProActive Advisors Diversify accounts and use Low-cost Index funds?

A. ProActive Advisors diversifies portfolios to achieve client objectives (growth, income, safety, liquidity and tax advantages) and uses asset allocation to manage market Risk. We don't utilize fixed allocations like many firms, nor do we invest using an "own a little of everything approach" because the financial markets are dynamic not fixed and because we want to own the best opportunities. Our core objective is to keep money compounding while adapting portfolios to market conditions and valuations to better manage risk of loss. Cost is important to manage also and we consider doing to part of our investment duty, but generally if an account is large enough we favor owning individual stocks and bonds so we can know and select the quality of what we own.

Q. How do you manage so many accounts and provide good service?

A. ProActive Advisors provides personalized advisory services and tailor financial advice based on client circumstances and needs. Our approach begins with a conversation to identify relevant factors necessary to improve your finances. Then we develop an appropriate investment plan to achieve your important financial goals. Account management is streamlined using our portfolio models for smaller accounts while still focusing on income, growth, safety, liquidity and tax advantages using our standard investment process.

Q. Who will I work with at your firm?

A. The Advisor who contacted you and conducted your consulting interview will typically be your point of contact person during your relationship with our firm but we work as a team so you will be assisted by employees who can best address your needs and inquires.

Q. How do I become a client of your firm?

A. After a 'Let's Talk' meeting to discuss your needs and determine how we can help you, you can engage us as your financial advisor by signing an advisory agreement. This agreement is one-page, explains the services we provide and how much you will be charged. Typically, we will want to meet with you in person to review your monthly statement and 1st Quarter's account report. Thereafter meetings can be annually or whenever you want to review your account or have questions. Our engagement with you depends on you keeping us informed of financial changes so we incorporate those considerations and changes into our financial advice and investment program.

Q. What is the firm's philosophy and values?

A. We believe the rewards of investing accrue to the competent & we strive to live by these core values:

1) Care & don't pre-judge 2) Be Honest & Ethical 3) Know the Details 4) Be Proactive 5) Reputation is Everything

You deserve more than just cookie cutter advice. Our efforts are devoted to ensure your gains far outweigh our costs, giving you confidence in the value we provide.