

**Firm Brochure**  
(Part 2A of Form ADV)



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This brochure provides information about the qualifications and business practices of Summit Financial Consulting. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 586-226-2100 or by email at [info@summitfc.net](mailto:info@summitfc.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Summit Financial Consulting (IARD#126570) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

June 10, 2014

## **Item 2: Material Changes**

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### **Annual Update**

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

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

Since the last filing of this brochure on February 14, 2014, several typographical changes have occurred in various sections of this brochure. No material changes have occurred.

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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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## **Item 4: Advisory Business**

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### **Firm Description**

Summit Financial Consulting LLC, ("Summit Financial") doing business as Summit Financial Consulting is a Michigan Registered Investment Advisory Firm. Summit Financial is a portfolio management, advisory, and financial services firm. Summit Financial also provides formal written financial plans that can provide retirement income planning, investment planning, college planning, investment tax planning, college planning, insurance planning, family planning, and business planning.

Summit Financial offered services to the public starting in 2003. The owner of Summit Financial is Robert L. Wink, Jr.

Summit Financial primarily utilizes no-load mutual funds and exchange traded funds (ETF) within its investment strategies for clients. These funds form the basis of model portfolios designed by Summit Financial, specifically for the investment strategies and risk tolerances of a particular client. The model portfolios run the gamut from conservative to aggressive and include a mix of cash, bond and stock investments to serve a spectrum of clientele and their investment needs and goals. For example, the Income portfolio is conservative in nature and normally holds 90% of its portfolio positions in bonds and inverse bonds (depending upon interest rate fluctuations), and 10% in stocks. Such a portfolio might be appropriate for a conservative client who is concerned about preservation of their principal, or earning the interest income that a bond position traditionally affords. At the other end of the investment spectrum, the Aggressive model portfolio is the most aggressive model, with a position traditionally holding 75% stocks and 25% in bonds and currencies. Such a portfolio might be appropriate for an investor who is not adverse to risk, and who might seek a greater return on their investment over a period of time. Note: Asset allocation and diversification do not guarantee a profit, but are instead a tool to help manage risk.

Summit Financial concentrates its practice on preservation of principal for its clients, in that a large percentage of Summit Financial clients are retirees or pre-retirees. The model portfolios and their respective positions and makeup are derived from comprehensive research, from sources such as Morningstar, Hedgeye Risk Management, Waverly Partners Research, the Sherman Sheets, Casey Research, and HS Dent.

Summit Financial also offers insurance based product services including life insurance, long term care insurance, disability insurance and annuities.

Summit Financial will tailor our advisory services to the individual needs of the client. Through a thorough fact finding process, and taking advantage of our large portfolio of services offered, Summit Financial aims to tailor our advisory services to the clients unique wants and needs.

Summit Financial accomplishes this by asking the clients about past experiences with brokers and the markets, as well as their risk tolerance. Summit Financial realizes each client has unique wants and needs.

Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) are engaged directly by the client on an as-needed basis and may charge fees of their own. For example, tax preparation and to the extent your estate plan needs to be updated, the tax preparer and/or attorney will bill the client separately. Conflicts of interest will be disclosed to the client in the event they should occur.

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## **Types of Advisory Services**

Summit Financial provides investment supervisory services, also known as asset management services, furnishes financial planning and investment advice through consultations and solicitor .

### ASSET MANAGEMENT

Summit Financial offers discretionary direct asset management services to advisory clients. Summit Financial will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize Summit Financial discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

### FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable, the client will compensate Summit Financial on an hourly fee or fixed fee basis described in detail under the “Fees and Compensation” section of this brochure. Services include but are not limited to a thorough review of all applicable topics including Wills, Estate Plan/Trusts, Investments, Taxes, and Insurance. If a conflict of interest exists between the interests of the investment advisor and the interests of the client; the client is under no obligation to act upon the investment advisor’s recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Summit Financial. Financial plans will be completed and delivered inside of six (6) months. Clients may terminate advisory services with seven (7) days written notice.

### SOLICITOR ARRANGEMENTS

Summit Financial solicits the services of Third Party Money Managers to manage client accounts. In such circumstances, Summit Financial receives solicitor fees from the Third Party Manager. This is detailed in Item 10 of this brochure.

### EDUCATIONAL WORKSHOPS AND SEMINARS

Summit Financial holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given. Summit Financial does not charge a fee for attendance for these seminars.

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## **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

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### **Wrap Fee Programs**

Summit Financial does not sponsor any wrap fee programs.

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### **Client Assets under Management**

As of the date of this filing, Summit Financial has approximately \$50,000,000 of client assets under management.

## **Item 5: Fees and Compensation**

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### **Method of Compensation and Fee Schedule**

Summit Financial bases its fees on a percentage of assets under management, hourly charges, fixed fees and solicitor fees from third party money managers.

#### ASSET MANAGEMENT

Summit Financial offers discretionary direct asset management services to advisory clients. Client(s) agree that Summit Financial shall be compensated for its services based upon the following breakpoint schedule, which will be based upon assets under management on January 1st of each year:

<b>Assets Under Management</b>	<b>Annual Fee</b>	<b>Monthly Fee</b>
Up to \$500,000	1.50%	.125%
\$500,001 and over	1.25%	.1042%

The fee will be computed and paid in advance, monthly, based on an average daily balance of the account(s) through TD Ameritrade or another custodian. Existing accounts are billed in advance for the next calendar month based upon the number of days in the month and the previous thirty (30) day average balance. They are typically billed on the 1<sup>st</sup> of the month and paid within ten (10) business days. For new accounts that assets are received after the 1<sup>st</sup> of the month, new accounts are billed on the 1<sup>st</sup> of the following month using both previous and next month values. The fees are calculated based upon the number of days in the previous month and the number of days in the upcoming month. The previous month value is based upon the initial transfer amount. The upcoming month is based upon the value as of the last day of the previous month. The calculation utilized to determine fees is the average daily balance for the client account for the month, times the fee rate, times the amount of days in the month, divided by the amount of days in the year. Please also be advised that Summit Financial reserves the right to switch from TD Ameritrade to a different custodian or third-party custodian when beneficial to the parties. Additionally, Summit Financial will provide to the client a 30-day written notice of any subsequent change of a custodian or third-party custodian. Summit Financial has the ability to adjust fees on a client by client basis at its own discretion, higher or lower, if agreed upon in writing. For new accounts, the initial balance of the account will be used rather than the previous months average values for the fee calculation.



Because of the wide variety of investment options available to clients of Summit Financial, please review the fees and risks which are described in the investments' prospectus, marketing materials, and/or disclosure documents. By using our code of ethics as our guide, we strive to only recommend strategies, products, and services that benefit our clients to the best of our ability.

In computing the market value of any investment of the Account, each security listed on any national securities exchange or otherwise subject to current last-sale reporting shall be valued at the last sale price on the valuation date. Such securities which are not traded nor subject to last-sale reporting shall be valued at the latest available bid price reflected by quotations furnished to Summit Financial by such sources as it may deem appropriate.

#### FINANCIAL PLANNING and CONSULTING

Summit Financial has the right to charge by the hour (up to \$200 per hour) or per financial plan (up to \$5,000), which must be stipulated in writing and pending the clients approval of the finished documents. All fees are negotiable and will be billed. Payment in full is due upon delivery of the completed plan. Financial plans are completed and delivered inside of six (6) months.

#### SOLICITOR FEES

Summit Financial may at times use the services of third party money managers and receive a solicitor fee for soliciting clients. Summit Financial will be paid a portion of the advisory fee paid to the third party money manager. The client will not pay additional advisory fees to the third party money manager for these services. This is detailed in Item 10 of this brochure.

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#### **Client Payment of Fees**

Investment management fees are billed monthly, in advance, meaning that we bill you before the month has started. Fees are deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial plans are due upon delivery of the completed plan.

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#### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include Mutual Fund transaction fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

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

For more details on the brokerage practices, see Item 12 of this brochure.

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### **Prepayment of Client Fees**

Investment management fees are billed monthly in advance.

If the client cancels after five (5) business days, any unearned fees will be refunded to the client.

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### **External Compensation for the Sale of Securities to Clients**

Summit Financial does not receive any external compensation for the sale of securities to clients. However, in a separate transaction, investment advisor representatives of Summit Financial may receive commissions for the sale of securities as registered representatives of an unaffiliated broker dealer.

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## **Item 6: Performance-Based Fees**

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### **Sharing of Capital Gains**

Summit Financial does not charge performance based fees.

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## **Item 7: Types of Clients**

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### **Description**

Summit Financial has a large portfolio of services that are offered to a variety of clients. Summit Financial provides consulting and advice to individuals, retirement plans, trusts, estates, and business entities.

Summit Financial has a large variety of individual clients, but they are typically one of the following:

- Upper Middle Class Retiree(s)
  - High Net Worth Individual(s)
  - Trusts
  - Current AT&T Employee(s) or retiree(s) (CWA)
  - Current DTE Employee(s) or retiree(s) (UWUA Local 223)
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### **Account Minimums**

The average Summit Financial client has a liquid net worth in excess of \$500,000. However, at our discretion, Summit Financial will take on clients with less liquid net worth on a case by case basis. Summit Financial typically provides comprehensive financial planning, including a written financial plan, regardless of the clients net worth.

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## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Summit Financial prides itself on research. Summit Financial typically purchases research materials or newsletters (including stock, bond, money market, commodity, and precious metals recommendations) from three to ten research firms at a time to keep itself up to date on economic and investment trends. Some examples of research Summit Financial Consulting reviews are Hedgeye Real-Time Risk Management, The Sherman Sheets, The Big Picture, The Early Warning Report, The Wall Street Journal, HSDent, Casey Research, Waverly Partners Research, etc. When making recommendations to its clients and prospects Summit Financial takes into consideration fundamental, technical, and cyclical analysis. This includes financial newspapers and magazines, inspections of corporate activities, corporate rating services, timing services, annual reports, prospectuses, company press releases, and filings with the Securities and Exchange Commission. Summit Financial recommends all types of securities depending upon a client's risk tolerance, excluding Futures contracts.

Summit Financial currently recommends long and short purchases of securities. When an investor purchases a security "long", they purchase an investment at a specific price with the belief that their value will appreciate over time. Although the vast majority of Summit Financial's investment recommendations are "long", Summit Financial also occasionally recommends shorter term inverse ("short") strategies. In other words, Summit Financial occasionally recommends that a client invest with the hope (and earnings potential) that a particular asset will go down in value, which will provide a profit. However, if the underlying asset goes up in value, the client will suffer a loss. Summit Financial does its best to educate clients about the investment process. If Summit Financial will be recommending a portfolio that has the potential to use inverse strategies, it will be discussed with the client to ensure it is appropriate for their risk tolerance. There is a chance any investment we recommend could lose value, or even become worthless, and the client should be prepared to bear that loss. We make every effort to avoid this by using the highest quality and highest rated investments and strategies that are appropriate for a person's risk tolerance, but there is almost always a risk of loss when it comes to investing.

Past performance does not predict, and certainly does not guarantee future results. Summit Financial will simply do its best to give recommendations based upon the research and economic indicators that are reviewed. When using fundamental, technical, and cyclical analysis there is a great deal of risk that the conclusion Summit Financial expects will not occur, and this could cause a client to lose value in their investments, or miss out on potential gains.

In general, it is not the policy of Summit Financial to recommend any particular securities. It is however, the policy of Summit Financial to recommend strategies consistent with the investment objectives and risk tolerances of individual clients obtained in the fact-finding process.

Fundamental analysis of a business involves analyzing its financial statements and health, its management and competitive advantages, and its competitors and markets. When analyzing a stock or currency using fundamental analysis there are two basic approaches

one can use bottom up analysis and top down analysis. The top-down analyst starts analysis with global economics, including both international and national economic indicators, such as growth rates, inflation, interest rates, exchange rates, productivity, and energy prices. The analyst then narrows their search down to regional/industry analysis of total sales, price levels, the effects of competing products, foreign competition, and entry or exit from the industry. Only then does a fundamental top-down analyst narrow the search to the best business in that area.

The bottom-up Fundamental Analyst starts with specific businesses, regardless of their industry/region. The bottom-up approach assumes that individual companies can do well even in an industry that is not performing very well. This includes becoming familiar with the company's products and services, its financial stability and its research reports. This is the opposite of "top-down investing."

Technical analysis is a security analysis discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Technicians employ many techniques, one of which is the use of charts. Using charts, technical analysts seek to identify price patterns and market trends in financial markets and attempt to exploit those patterns. Technical analysts also widely use market indicators, some of which are mathematical transformations of price, often including up and down volume, advance/decline data and other inputs. These indicators are used to help assess whether an asset is trending, and if it is, the probability of its direction and of continuation.

Cyclical analysis is the study of risk within business cycles or other economic cycles and how they affect the returns of an investment, an asset class, or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles - periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past. Cyclical risk can also be tied to inflationary risks, as some investors consider inflation to be cyclical in nature.

There are additional risks with "long" and "short" positions in securities. Please note that the following list is not exhaustive, but it is merely cited to illustrate to the potential client common forms of risk associated with investing.

**Market Risk** - The day-to-day potential for an investor to experience losses from fluctuations in securities prices. This risk cannot be diversified away. In other words, a client's investment may increase or decrease in value because of market risk factors, regardless of how good a client's portfolio or individual stock may be.

**Inflationary Risk** - The uncertainty over the future real value (after inflation) of your investment, or currency. This is the risk that inflation will undermine the performance of your investment. An example of inflation risk is the cost of a postage stamp back in 1980 for a 1 ounce letter was 15 cents. The cost as of January 1st, 2011 for a 1 ounce letter is 44 cents, or nearly triples the cost.

**Legislative Risk** - The risk that legislation by the government could significantly alter the business prospects of one or more companies or financial products, adversely affecting

investment holding in that company. This may occur as a direct result of government action or by altering the demand patterns of the company's customers. An example of an industry with legislative risk is health care. Drug manufacturers and health care providers must contend with many ongoing legislative issues related to Medicare, insurance coverage, and other customer payment issues.

**Interest Rate Risk** - The risk that an investment's value will change due to a change in the level of interest rates. An example is when an investor owns a bond that pays 5% interest. If the interest rate that is being paid on new bonds rises to 10%, the value of the bond would decrease because a 5% interest rate paying bond is not as valuable as a similar bond paying a 10% rate of return.

**Short Risk** - This is the risk that an investment's underlying price a client is shorting goes up, causing the clients investment to lose value. There is also the potential for unlimited loss because there is no limit to the price the underlying investment can increase to. Also, markets, over long periods of time have tended to trend upward. An example would be an investor that sold short Ford stock in February of 2009 at \$1.58. This theoretical investor would have seen significant losses because the share price went up dramatically. In February of 2010 the price was more than \$10 a share, causing an over 500% loss to the short sale investor.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

The firm and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings.

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### **Self-Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in any self-regulatory organization enforcement proceedings.

## **Item 10: Other Financial Industry Activities and Affiliations**

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### **Broker-Dealer or Representative Registration**

Neither Summit Financial nor any of its employees are registered representatives of a broker-dealer.

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### **Futures or Commodity Registration**

Neither Summit Financial nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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## **Material Relationships Maintained by this Advisory Business and Potential Conflicts of Interest**

Robert L. Wink is a registered representative with Gradient Securities, LLC, a broker dealer. He is also a member of the Communication Workers of America Union, local 4008.

Kenneth R. Wink is a registered representative with Gradient Securities, LLC, a broker dealer. He is also a member of the Communication Workers of America Union, local 4008.

The relationship between Summit Financial's members with Gradient Securities, LLC is a potential conflict of interest. For instance, when making recommendations, an investment advisor representative may recommend that a client purchase a mutual fund. Because the investment advisor representative is also a registered representative of Gradient Securities, LLC, this recommendation could lead to a commission or fee for the benefit of the registered representative. By using our code of ethics as our guide, we strive to only recommend strategies, products, and services that benefit our clients to the best of our ability.

All investment advisor representatives of Summit Financial are also licensed to sell life insurance, health insurance, disability insurance, long term care insurance, and annuities. This is a potential conflict of interest, because sales of these products may result in commissions. However, Summit Financial works with clients on an individual and case by case basis. Insurance of varying kinds is discussed as part of the comprehensive fact-finding process. Summit Financial believes that insurance is also necessary in some cases with respect to wealth preservation and good planning. Summit Financial and its employees utilize its code of ethics to help ensure that any recommendation of insurance is appropriate for the client's overall objectives and is necessary for the protection of the client and their family.

Summit Financial may recommend that clients use the services of several professionals in the legal, tax, insurance, and mortgage industries. Summit Financial receives no compensation, or benefits of any kind for these referrals, other than the satisfaction of knowing that these firms and individuals will offer their best customer service to Summit Financial's clients. Some typical referrals may include, but are not limited to:

- Heemer, Klein, and Company P.C., our preferred CPA and tax preparer referral
- Timothy Wayland of Main Street Bank, our preferred mortgage referral
- Dudek Insurance, our preferred automobile and homeowners insurance referral
- Joseph Toia, P.C., our preferred attorney for estate planning documents

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## **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

Summit Financial may at times utilize the services of Third Party Money Managers to manage client accounts. In such circumstances, Summit Financial will share in the Third Party asset management fee. This situation creates a conflict of interest. However, when referring clients to a third party money manager, the client's best interest will be the main determining factor of Summit Financial. These fees do not include brokerage fees that may be assessed by the custodial broker dealer. Fees for these services will be based on a

percentage of assets under management not to exceed any limit imposed by any regulatory agency. The final fee schedule will be attached to Exhibit D in Summit Financial's Investment Advisory Agreement.

Prior to referring any clients to third party advisors, Summit Financial will make sure that they are properly registered or notice filed.

This relationship will be disclosed to the client in each contract between Summit Financial and Third Party Money Manager. Summit Financial does not charge additional management fees for Third Party managed account services. Client's signature is required to confirm consent for services within Third Party Investment Agreement. Client will initial Summit Financial's Investment Advisory Agreement to acknowledge receipt of Third Party fee Schedule and required documents including Form ADV Part 2 disclosures.

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

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### **Code of Ethics Description**

Summit Financial's code of ethics is best summarized by saying that it will: "Always do our best to recommend what is in the best interest of the client."

Summit Financial Consulting LLC, ("Summit Financial" or "Adviser") takes the issue of regulatory compliance seriously and is committed to maintain compliance with state and applicable federal rules and regulations. Additionally, Summit Financial has a position of public trust and it is our goal to maintain that trust; provide excellent service, good investment performance, and advice that is suitable. Summit Financial places great value on ethical conduct. Therefore, *the ultimate goal of our internal policies is to challenge our staff to live up not only to the letter of the law, but also to the ideals set forth by the advisor.*

You may be familiar with the roles fiduciaries play in various legal situations and in certain industries. As a Registered Investment Adviser, Summit Financial is a fiduciary to each and every client. As such, Investment Advisors owe their clients several specific duties. According to the United States Securities Commission ("SEC"), to which the State of Michigan defers on this topic, an Investment Adviser's fiduciary duties include:

Provide advice that is suitable; Provide full disclosure of material facts and potential conflicts of interest (such that the client has complete and honest disclosure in order to make an informed decision about services of the Adviser and about investment recommendations); The utmost and exclusive loyalty and good faith; Best execution of transactions; The Adviser's reasonable care to avoid ever misleading clients; Only acting in the best interests of clients.

It is Summit Financial's policy to protect the interests of each client and to place clients' interests first and foremost in each and every situation. Summit Financial will abide by honest and ethical business practices to include, but is not limited to:

The Adviser will not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account; The Adviser will

make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the customer and we will document suitability; The Adviser and its Advisory Representatives will not borrow money from clients; Will not recommend the purchase of a security without the reasonable belief that the security is registered, or the security or transaction is exempt from registration in states where investment advice is provided and based upon information the Adviser receives; Will not recommend that the client place an order to purchase or sell a security through a broker/dealer or agent, or engage the services of a broker/dealer that is not licensed, based upon information available to the Adviser; The staff of the Adviser will report all but exempt personal securities transactions (such as mutual funds) to Kenneth Wink, the Chief Compliance Officer of the Adviser as required by securities rules and regulations.

For a list of exempt securities, please contact the Chief Compliance Officer; The staff of the Adviser is required to report all known or suspected violations of securities rules and regulations or the Advisor's written policies and procedures.

***If you should have any questions about how Summit Financial does business or have any concerns during the course of our professional relationship, we want to hear from you.*** Summit Financial members do reserve the right to invest in our personal accounts at our own discretion and according to our own risk tolerances. Members have the potential to gain or lose in their personal investments based upon recommendations made to their clients because they may buy or sell the same securities. It is our policy not to "Front Run", or trade ahead of our client's transaction. "Front Running" a client investment is a potential conflict of interest.

Summit Financial receives no performance based fees.

Summit Financial has never had any disciplinary actions, lawsuits, formal complaints, fines, arbitrations, hearings, or suspensions.

Summit Financial has no relationships with issuers of securities.

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### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

Summit Financial and its employees do not recommend to clients securities in which we have a material financial interest.

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### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Summit Financial and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Summit Financial with copies of their brokerage statements.

The Chief Compliance Officer of Summit Financial is Kenneth R. Wink. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal



trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

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### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Summit Financial does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Summit Financial with copies of their brokerage statements.

The Chief Compliance Officer of Summit Financial is Kenneth R. Wink. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

Summit Financial may recommend the use of a particular broker-dealer such as TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., Member FINRA/SIPC/NFA or may utilize a broker-dealer of the client's choosing. Summit Financial will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. Summit Financial relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Summit Financial .

Summit Financial participates in the TD Ameritrade Institutional program. TD Ameritrade, Inc. ("TD Ameritrade") is an independent SEC-registered broker-dealer and is not affiliated with Summit Financial. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Summit Financial receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14) There is no direct link between Summit Financial's participation in the program and the investment advice it gives to clients.

- *Directed Brokerage*

In circumstances where a client directs Summit Financial to use a certain broker-dealer, Summit Financial still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: Summit Financial's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients and conflicts of interest arising from brokerage firm referrals.

- *Best Execution*  
Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.
- *Soft Dollar Arrangements*  
Summit Financial does not receive soft dollars and does not anticipate receiving any soft dollars in the future

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### **Aggregating Securities Transactions for Client Accounts**

Summit Financial is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of Summit Financial. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

## **Item 13: Review of Accounts**

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

It is Summit Financial's goal to review client portfolios with the client face to face or over the phone annually. This goal may or may not be achieved, but clients are encouraged to call or e-mail Summit Financial if they would like to schedule a review meeting.

Summit Financial has a customer service preferences document that is given to many clients. After Summit Financial receives the preferences document, Summit Financial will attempt to pro-actively follow the clients' requests regarding customer service, including reviews and portfolio updates as often as the client prefers through phone, e-mail, or face to face. The servicing investment advisor representative will review the accounts if appropriate. All Investment Advisor Representatives conduct review appointments. Summit Financial's goal is to send commentary on the markets via e-mail to its clients (if the client wishes to receive them) and our website every other month. Summit Financial's goal is also to contact clients when market forces have created a dramatic potential threat or opportunity to the clients' accounts. However, Summit Financial may or may not achieve that goal. The definition of "dramatic potential threat or opportunity" is determined by the clients' registered representative or investment advisor representative, with the goal of taking into consideration the clients risk tolerance.

During review meetings, and throughout the relationship, Summit Financial will not provide regular written reports in regards to client reviews, but should instead review their statements received from their custodian(s).

## **Item 14: Client Referrals and Other Compensation**

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### **Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Summit Financial receives a portion of the annual management fees collected by the Third Party Money Managers to whom Summit Financial refers clients. This situation creates a conflict of interest because Summit Financial and/or its Investment Advisor Representative have an incentive to decide what Third Party Money Managers to use because of the higher solicitor fees to be received by Summit Financial. However, when referring clients to a third party money manager, the client's best interest will be the main determining factor of Summit Financial. All incoming client referrals are generated because of our excellent customer service, financial planning recommendations, and performance.

Any referrals that Summit Financial provides to other financial advisors, attorneys, or accountants are free of conflicts of interest.

On occasion, an annuity company or money manager may sponsor client appreciation events for Summit Financial. In addition, Investment Advisor Representatives may receive reimbursement for travel and expenses to attend fund sponsored education conferences. This practice presents a conflict of interest because Investment Advisor Representatives have an incentive to select or recommend sponsor products over products offered by other companies not providing sponsorship or expense reimbursements, rather than selecting or recommending products based on your individual needs. However, you are under no obligation to enter into an advisory agreement with our firm or to purchase products recommended to you. It is our goal to never let any expense reimbursement or sponsorship change influence Summit Financial's recommendations. Research and an investment's competitive advantages, in Summit Financial's opinion, are the primary factors that determine Summit Financial's recommendations.

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### **Advisory Firm Payments for Client Referrals**

Summit Financial does not compensate clients or anyone else for referrals.

## **Item 15: Custody**

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### **Account Statements**

Summit Financial does not have custody of any client assets. However, the custodian does deduct monthly advisory fees from client accounts on behalf of Summit Financial deeming Summit Financial to have constructive custody. This is discussed specifically in the advisor/client agreement and is agreed upon at the time an individual becomes a client of Summit Financial. Additionally, clients with questions concerning the deduction of fees can check their monthly or on-line statements, and can contact Summit Financial directly with any inquiries they may have.

Clients will receive statements directly from the qualified custodian, such as a bank or broker-dealer that maintains those assets. Most client accounts can be viewed daily through the appropriate custodian via the "account access" section of our website: [www.summitfc.net](http://www.summitfc.net).

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

Summit Financial does accept discretionary authority to manage accounts on behalf of the client. The Summit Financial Investment Advisory Agreement allows for limited discretion of active mutual fund management services. Client(s) agree that Summit Financial shall have a limited power of attorney and limited discretionary authority to place transactions in mutual funds selected by Summit Financial; to move funds between mutual funds or mutual fund accounts that are administered or managed by any other advisor as set forth in a separate agreement.

Client(s), authorize Summit Financial to invest and reinvest in mutual funds on a discretionary basis without contacting Client(s) for prior approval.

Summit Financial shall not have the power to remove money from Client(s) accounts nor shall Summit Financial take or maintain custody of any of Client(s) assets, investments or funds at any time. Summit Financial shall not cause funds to be withdrawn from any client(s) account unless, upon written or verbal Client(s) authority, and only so long as the Client(s) do not cause said funds to be placed into Summit Financial's care, custody and control.

Client(s) promise to fully, accurately and truthfully complete the provided Confidential Client(s) Investment Objective, and Suitability Questionnaire that contains requests for both factual and personal financial information, and thoughtful selection of investment objectives and risk tolerances. Client(s) are made to understand that Summit Financial will rely upon this information in its work for and on behalf of client(s).

Client(s) authorize Summit Financial to take all necessary actions to open and/or maintain the Client(s) accounts) at a broker/dealer or other advisor from time to time, including closing those accounts) and moving to another custodian, mutual fund administrator and provider of record keeping services.

Client(s) agree that Summit Financial has, in its sole discretion, the right to terminate this entire agreement should Client(s) provide instructions to Summit Financial it believes in its view are inappropriate for the Client(s). Summit Financial will notify Clients) that it believes the instructions to be inappropriate and unless modified to Summit Financial's satisfaction then Summit Financial shall terminate this agreement by written notice.

Client(s) authorize Summit Financial to change account administrators if Summit Financial, in its sole discretion, deems it necessary and appropriate. Client(s) shall be provided written notice of the new fund administrator/advisor.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

Summit Financial does not accept authority to vote regarding client securities. Clients may receive proxies directly from the custodian, or transfer agent. Contact the proxy sending company directly with questions regarding proxies.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because Summit Financial does not serve as a custodian for client funds or securities and Summit Financial does not require prepayment of fees of more than \$500 per client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Summit Financial has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **Bankruptcy Petitions during the Past Ten Years**

Neither Summit Financial nor its management has had any bankruptcy petitions in the last ten years.

## **Item 19: Requirements for State Registered Advisors**

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**Education and business background, including any outside business activities and disclosable events for all management and supervised persons can be found in the Supplement to this Brochure (Part 2B of Form ADV Part 2).**

**Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

None to report