

**Charleston Financial Advisors, LLC**  
A Registered Investment Advisor  
with the Securities and Exchange Commission

4 North Atlantic Wharf  
Suite 200  
Charleston, SC 29401

[www.CharlestonFinancial.net](http://www.CharlestonFinancial.net)

December 31, 2020

This brochure provides clients and prospective clients with information about Charleston Financial Advisors, LLC and the qualifications, business practices and nature of its services that should be carefully considered before becoming an advisory client. If you have any questions about the contents of this brochure, please contact us. Our office is located at 4 North Atlantic Wharf, Suite 200, Charleston, SC 29401-2168 and our phone number is 843-722-3331 or you can e-mail [bill@charlestonfinancial.net](mailto:bill@charlestonfinancial.net). Our office hours are by appointment, Monday through Friday, except for official holidays.

The contents of this brochure have not been approved or verified by the Securities and Exchange Commission ("SEC") or any other state or federal authority. While the firm and its personnel are registered with the SEC, it does not imply a certain level of skill or training on the part of the firm or its staff. If you have any questions about the contents of this brochure, please contact us at 843-722-3331.

Additional information about Charleston Financial Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A search of this site for the firm can be accomplished by its unique identifier known as an IARD number. The IARD number for Charleston Financial Advisors, LLC is 137536. Charleston Financial Advisors, LLC's SEC Number is 801-107090. Charleston Financial Advisors, LLC's IRS Employer Identification Number is 54-2165266. The Chief Compliance Officer is William C Prewitt.

**Item 2: MATERIAL CHANGES**

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There are no material changes made since the last filing.

The firm custodies assets at Charles Schwab & Company, Inc. One account is held at TD Ameritrade Institutional as a courtesy.

## Item 3: TABLE OF CONTENTS

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## Item 4: ADVISORY BUSINESS

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### Description of the Firm

William C. Prewitt, M.S., CFP® started the firm in 1986 as a sole proprietorship. In December 2004 he reorganized it as a single member LLC. In January 2011 he re-formed it as a multimember LLC with Diane Blackwelder, CFP®: she owns more than 5% of the firm. In January 2016, Myles B. Brandt, M.S., CFP® became a more than 5% owner of the firm. On January 1, 2018 Prewitt completed sale of all his equity interests to Blackwelder and Brandt, who are equal co-owners. There are no other owners.

We work with clients on a fee-only basis, meaning we do not accept commissions or wrap fee programs of any kind. We feel this is the most objective way to provide financial advice. We work with clients as *fiduciaries*, meaning our only loyalty is to our clients – not to a brokerage firm nor to a mutual fund company nor to a third party. We feel this is the best way to provide financial advice.

The Registrant has voluntarily subscribed to the “Best Practices for Financial Advisors” published by The Institute for the Fiduciary Standard. The Best Practices offer a simple code of conduct and outline a commitment to clients of subscribing financial advisors. They seek to clearly articulate what a client can expect to receive from a subscribing financial advisor. These Best Practices do not replace our regulatory compliance obligations or duties to clients under relevant laws, rules, or regulations. The Institute for the Fiduciary Standard’s role is limited to publishing the Best Practices as well as maintaining a corresponding register of subscribing financial advisors. You can find a complete list of the Best Practices on our [website](#) or at [The Fiduciary Institute](#)<sup>1</sup> and verify our subscription status at [Real Fiduciary™ Practices Advisory Registry](#).<sup>2</sup>

### Advisory Services

#### Financial Planning and Investment Consultation Services

Charleston Financial Advisors, LLC works with financial planning clients on either an *hourly* basis or a *fixed, project-based* basis. These services may be general in nature or focused on a particular area of interest or need, depending upon the client's unique circumstances.

A complimentary initial meeting is conducted by a qualified representative of the firm to determine the scope of services to be provided. Following the initial meeting, the client completes fact finder documents and schedules a data meeting. Based on the level of services desired, the firm provides financial planning and investment consultation services relating to various components which may be either broad based or modular.

Advice is offered on subjects such as retirement planning, risk management, college planning, investment planning, divorce settlement, and estate planning.

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<sup>1</sup> <https://thefiduciaryinstitute.org/wp-content/uploads/2019/03/Real-Fiduciary-Practices-2019-02-22.pdf>

<sup>2</sup> <https://thefiduciaryinstitute.org/real-fiduciary-advisors/>

### Investment Supervisory and Asset Management Services

Charleston Financial Advisors, LLC provides investment supervisory and asset management services to clients through portfolios deemed appropriate to the client's investment objectives and tolerance for risk. Portfolios adhere to a passive management strategy using targeted asset categories to build a diversified portfolio. The portfolio is fully invested within the client's risk tolerance and is rebalanced as required.

### Schwab Wealth Investment Advisory, Inc.

We also provide portfolio management services through Schwab Institutional Intelligent Portfolios™ (IIP), an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (SWIA). Through IIP, we offer clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds (ETFs), mutual funds and a cash allocation. The client's portfolio is held in a brokerage account opened by Charles Schwab & Co., Inc. (Schwab).

We, and not Schwab, are the client's investment advisor and primary point of contact with respect to IIP. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of IIP for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. SWIA's role is limited to delivering IIP Disclosure Brochure to clients and administering IIP so that it operates as described in IIP Disclosure Brochure. SWIA charges an annual fee of .10% which is waived for our firm due to having more than 100 Million custodied at Schwab.

### **Wrap Fee Programs**

We do not manage client accounts as part of a wrap or bundled fee program.

### **Assets Under Management**

As of December 31, 2020, Charleston Financial Advisors, LLC managed \$181,691,548 on a discretionary basis and \$6,367,601 on a non-discretionary basis.

## **Item 5: FEES and COMPENSATION**

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Charleston Financial Advisors, LLC receives approximately 90% of its fees from investment supervisory services and approximately 10% of its fees from hourly or fixed, project based financial planning services on financial matters that do not involve securities. All fees are negotiable.

### **Fee Schedule**

#### Financial Planning and Investments Consultation Services - Fees

Hourly financial planning fees, to include divorce services, can range anywhere from \$100 to \$400 per hour depending on the complexity of the case and the staff member providing the services. All work accomplished will be charged against the initial deposit as outlined in the Hourly Consultation Agreement. Once the time is exhausted, remaining work will be billed on a monthly basis.

For fixed and project-based financial planning clients, the fee is agreed upon through an engagement letter. One-half of the fee is due before work has begun and the balance comes due at the completion of the last written report meeting. CFA will exert reasonable efforts to move the process along in a timely manner. Should the engagement extend beyond the agreed upon timeframe, we will mutually regroup to determine whether continuing the engagement remains in the clients' best interest.

Investment Supervisory and Asset Management Services

Asset management fees are charged either as a percentage of assets under management or on a retainer basis. There is a minimum fee of \$1,000 annually. Asset management fees as a percentage of assets managed are bracketed as followed:

<u>Assets Under Management</u>	<u>Fee per Calendar Quarter</u>
Up to \$500,000	.25% or (\$250 minimum)
\$500,001 to \$1,500,000	.225%
\$1,500,001 to \$3,000,000	.200%
\$3,000,001 to \$5,000,000	.175%
\$5,000,001 to \$7,500,000	.150%
Above \$7,500,001+	.125%

Example: Client with \$750,000 under management on the last day of the Calendar Quarter;

\$500,000 * 0.25%	=	\$1,250.00
\$250,000* 0.225%.	=	<u>562.50</u>
Total Fee		\$1,812.50

Retainer Fees are negotiated bi-annually and may be offered to clients who have \$2,000,000 or more under management. During the term of the agreement, the fee stays the same, regardless of account values, trading activity, or financial consulting rendered. This method provides a way to predict outlays for our services during the period of the agreement. An estimate of the value of the service is mutually agreed upon and billing occurs quarterly.

Schwab Wealth Investment Advisory, Inc.

As described in Item 4 Advisory Business, clients do not pay fees to SWIA or brokerage commissions or other fees to Schwab as part of IIP. Schwab does receive other revenues in connection with IIP such as management fees on Schwab ETFs (if used) and management fees on the cash allocation. Because these fees are minimal and would otherwise be paid to another provider, they only contribute to the overall cost savings for the client and do not affect our assessment of what is in the best interests of our clients.

**Billing Method**

Asset management fees are paid quarterly *in advance* and can either be deducted from the client's account or billed directly to the client, whichever is preferred.

### Fees as a Percentage of Assets

The fee as a percentage of assets is based on the value of the Assets Under Management for each “client household” on the last day of the previous quarter. The formula used for the calculation is as follows:  $(\text{Value on Last Day of the previous quarter}) \times (\text{the quarterly fee factor}^3)$ .

For billing purposes, we aggregate client accounts that have family or business relationships with each other. A “client household” means an individual and his or her spouse or domestic partner, his or her minor children, a business under his or her control, or a trust where he or she is a trustee.

For new clients, the investment management fee payment is a pro-rata calculation. The calculation is based on the actual number of days remaining in the calendar quarter. The formula used to calculate is as follows:  $(\text{Number of Days Remaining in Quarter}) / (\text{Number of days in quarter}) \times (\text{Value on Billing Start Date}) \times (\text{the quarterly fee factor})$ .

Our billing date is based on the close of day value of the last day of the month, the same as a custodian’s statement. A discrepancy between our statement and a custodian’s statement may arise when a client has accrued interest, which we count toward the value of the account. We employ Black Diamond to reconcile our stated value with those of the custodian.

### By All Accounts – Aggregation Services

Charleston Financial Advisors, LLC monitors accounts held by custodians other than Charles Schwab & Co. This process, known as “account aggregation”, helps us consider the full scope of a client’s financial situation and assists the client in measuring the performance of outside investments compared to those managed by Charleston Financial Advisors, LLC. Assets under this plan are billed at half the rate of assets under management (described in the fee schedule); a client using this service executes a supplemental agreement.

### **Other Fees and Expenses:**

Our investment management fees do not include Schwab or TD Ameritrade’s transaction fees. Clients pay all brokerage commissions (transaction fees), transfer fees, and/or other similar charges incurred in connection with transactions in the accounts.

In addition, any mutual fund shares and/or ETF’s held in a client’s account may be subject to fund related fees and expenses as described in the prospectus of the mutual fund or ETF. All fees paid to Charleston Financial Advisors, LLC are separate from the fees and expenses charged by mutual funds and ETF’s.

Either a client or Charleston Financial Advisors, LLC may terminate the Asset Management agreement. A pro-rated refund for unperformed services will be arranged before the end of the billing period provided a client ends the relationship with two weeks prior notice. Charleston Financial Advisors, LLC will not liquidate any securities in the client’s account

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<sup>3</sup> The quarterly fee factor is the calculated fee amount divided by the account value. In the example above, the total fee is \$1,812.50. The account value is \$750,000. The quarterly fee factor is  $\text{Total Fee} / \text{Account Value} = \$1,812.50 / \$750,000 = 0.2417\%$ .

without authorization from the clients. All securities in the client's account will remain in the client's accounts and under custody with the retail divisions of Schwab or TD Ameritrade. A client can contact Schwab or TD Ameritrade directly and self-manage their accounts.

### **Obtaining a Refund**

Investment management fees are paid in advance. Clients can cancel at any time. Once notified by the client or the custodian, billing will continue for the next 14 calendar days and a refund will be issued for the balance of the quarter remaining for unperformed services. The unperformed days remaining are divided by the days in the quarter to determine the refund.

Financial Planning fees and project fees are paid by 50% initial deposit. If services are cancelled after work has begun, the initial deposit is forfeited.

### **Other Compensation**

Neither Charleston Financial Advisors, LLC nor any person providing investment advice on its behalf, accepts any compensation or revenue in connection with advisory services except the investment management fees or financial planning fees charged directly to the clients as stated in the Fee Schedule in Item 5.

## **Item 6: PERFORMANCE BASED FEES**

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Charleston Financial Advisors, LLC *does not* charge performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: TYPES OF CLIENTS**

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Charleston Financial Advisors, LLC generally provides fiduciary financial advice to individuals of all stages of life, as well as pensions and profit-sharing plans, trusts, estates, charitable organizations, and corporations. This includes financial planning advice, divorce services, and asset management.

For our hourly financial planning, project, and consulting engagements, we do not require minimums as to income, assets, net worth, length of engagement, revenues generated or other conditions for engaging our services.

There is no minimum account size required for asset management services. However, there is a minimum fee of \$250 per quarter so clients are encouraged to have enough under management to be in their best interest.

### **Schwab Wealth Investment Advisory, Inc.**

Clients eligible to enroll in IIP include individuals, IRAs, custodial accounts and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974,

are not eligible for IIP. The minimum investment required to open an account in IIP is \$5,000. IIP Disclosure Brochure describes related minimum required account balances for maintenance of the account, automatic rebalancing, and tax-loss harvesting.

## Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, & RISK OF LOSS

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### General Investment Strategies

If the advisor is engaged to provide investment advice, the client's current financial situation, needs, objectives, goals and tolerance for risk are first evaluated. Asset allocation and investment policy decisions are made, in the advisor's best judgment, to help the client achieve their overall financial objectives while minimizing risk exposure. Asset allocation is a key component of investment portfolio design. The advisor believes that the appropriate allocation of assets across diverse investment categories (i.e. stock vs. bond, foreign vs. domestic, large cap. vs. small cap., high quality vs. high yield, etc.) is the primary determinant of portfolio returns and is critical to the long-term success of a client's financial objectives.

The advisor employs a long-term asset allocation approach with changes or rebalancing when prudent. Funds are typically fully invested at the client's risk level. Low-cost passively managed funds are preferred. We believe low-cost, passively managed funds reduce material risks. On the other hand, the practice of chasing investment performance increases investment risk because it results in more frequent trading, higher transaction costs and more taxes.

Charleston Financial Advisors, LLC obtains information from publicly available reports, analyses, research materials, computerized asset allocation models and various subscription services. Additional sources of information such as financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission are also used.

### **Types of Investments**

Charleston Financial Advisors, LLC provides investment advice on equity securities (including mutual funds, exchange-traded funds, and individually listed securities), fixed income securities (including mutual funds, exchanged-traded securities, and individually listed securities), certificates of deposit, municipal securities, investment company securities (including variable life insurance and variable annuities), options contracts on securities, futures contracts (including tangibles and intangibles), and interests in partnerships investing in real estate and oil and gas interests.

Investment strategies used to implement investment advice given to clients include long term purchases, short term purchase and, in limited circumstances, the advisor may provide advice to clients interested in margin transactions, and option writing (to include covered options, uncovered options or spreading strategies). In the case of pre-existing or inherited assets which have been acquired prior to a relationship with CFA, while CFA may assess whether to liquidate



or retain a given investment, CFA is not accountable for previous advice regarding said investment.

### **Risk of Loss**

Prior to entering into an Investment Management Agreement with Charleston Financial Advisors, LLC each client should carefully consider that:

- Investing in securities involves risk of loss, which clients should be prepared to bear;
- Securities markets experience varying degrees of volatility;
- Over time, the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
- Clients should only commit assets that are long-term in nature. This is typically a minimum of a ten-year time horizon.

The firm prepares an Investment Policy Statement (IPS) targeting the degree of risk the client is willing to bear. The IPS refers to previous periods to give the client a sense of past variability at a given risk level; however, past performance is not a guarantee of future results. The firm equates the basic exposure to equity securities and fixed income securities to be the degree of risk for a given portfolio. A client can request a change to the risk level of their IPS at any time.

Trading in the portfolio is normally triggered by a variance to the target risk level occurring from market activity. Attention is given to making the trades efficient for the client in order to maintain low transaction costs and income taxes.

### Schwab Wealth Investment Advisory, Inc.

IIP Disclosure Brochure includes a discussion of various risks associated with IIP, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, IIP Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.

## **Item 9: DISCIPLINARY INFORMATION**

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None on file.

## **Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

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The principal business of Charleston Financial Advisors, LLC and its principal executive officers is providing financial planning and investment advice. Charleston Financial Advisors, LLC and its principal executive officers are not engaged in any other business, nor do they sell products or services other than the services stated above.

Charleston Financial Advisors, LLC is not registered nor have an application pending as a securities broker-dealer, futures commission merchant, and commodity pool operator or as a commodity trading adviser. However, it does have arrangements (refer to Item 12) that are material to both its advisory business and its clients: both TD Ameritrade Institutional and Charles Schwab & Co. Institutional execute trades authorized by Charleston Financial Advisors, LLC for client accounts. Neither the principals nor employees of Charleston Financial Advisors, LLC are a related person who is a broker-dealer.

Charleston Financial Advisors, LLC does not have material arrangements with a related person who is an investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer or entity that creates or packages limited partnerships. Neither Charleston Financial Advisors, LLC nor any related person are a general partner in any partnership in which clients are solicited to invest.

## Item 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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Our Code of Ethics is available to any client or prospective client upon request. Neither Charleston Financial Advisors, LLC nor any related person as principal buys securities from or sells securities it owns to any client. It also does not, as broker or agent, affect securities transactions for compensation for any client. Nor does it, as broker or agent for any person other than a client, affect transactions in which client securities are bought from or sold to a brokerage customer. It does not recommend to clients that they buy or sell securities or investment products in which the advisor or a related person has some financial interest. It will, however, buy or sell for itself securities it also recommends to clients: as these securities are large, publicly traded mutual funds, we do not believe this presents a conflict of interest to our clients.

## Item 12: BROKERAGE PRACTICES

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Starting January 2017, the firm consolidated custody of client assets at Charles Schwab & Company, Inc, except for one account at TD Ameritrade. The Client enters into a separate agreement with the custodian to custody the assets. The agreement grants Charleston Financial Advisors, LLC a limited power of attorney to execute client transactions through the custodian. Charleston Financial Advisors, LLC is independently owned and operated, unaffiliated with any custodian. Our firm uses Dimensional Fund Advisors (DFA) funds. Not all advisors or custodians are authorized by DFA to use their funds. Other than providing access to their funds, DFA provides no unique services to CFA.

Both custodians may charge brokerage commissions (transaction fees and/or ticket charges) for executing securities transactions. Both custodians provide us access to their institutional trading and custody services platform, which is typically not available to retail investors. Their services include brokerage custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

We consider several factors in recommending a custodian to clients, such as ease of use, reputation, service execution, pricing and financial strength. Charleston Financial Advisors, LLC may also take into consideration the availability of the products and services received or offered (detailed below).

#### Schwab Wealth Investment Advisory, Inc.

In addition to our portfolio management and other services, IIP includes the brokerage services of Schwab, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use Schwab as custodian/broker to enroll in IIP, the client decides whether to do so and opens its account with Schwab by entering into an account agreement directly with Schwab. We do not open the account for the client. As described in IIP Disclosure Brochure, SWIA may aggregate purchase and sale orders for ETFs across accounts enrolled in IIP, including both accounts for our clients and accounts for clients of other independent investment advisory firms using IIP.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, Schwab provides us and our clients, both those enrolled in IIP and our clients not enrolled in IIP, with access to its institutional brokerage services – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

#### **Research and Other Soft Dollar Benefits**

Both Schwab and TD Ameritrade Institutional (our custodians) make available to us other products and services that may benefit Charleston Financial Advisors, LLC but may not directly benefit our clients' accounts. These types of services will help us in managing and administering client accounts. These include software and other technology that provide access to client account data (e.g. trade confirmations and account statements, facilitating trade executions, providing research, pricing information, and other market data, facilitating the payment of our fees from client accounts, assistance with back-office functions, record keeping, and client reporting. Many of these services may be used to service all or a substantial number of our client accounts. We place trades for our clients' accounts subject to our duty to seek best execution and other fiduciary duties.

Our custodians may also provide us with other benefits and services such as client appreciation and educational events, conferences on regulatory compliance, information technology, transportation to and housing at the custodian's operations center, and business enterprise development. Our custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Charleston Financial Advisors, LLC. These benefits and services are not a material consideration for us in requiring clients to use our custodians as a broker-dealer, nor do they result in any material conflicts of interest between us and clients.

As part of our fiduciary duty to clients, Charleston Financial Advisors, LLC endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Charleston Financial Advisors, LLC in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of our custodians for custody and brokerage services.

Charleston Financial Advisors, LLC may receive a discount for research equipment from a custodian such as a discount for Morningstar Principia from Charles Schwab & Co. Institutional or practice consulting from TD Ameritrade Institutional. Discount or services from custodian are not dependent upon a referral as Charleston Financial Advisors, LLC's relationship with the custodians were pre-existing.

While custodians impose brokerage commissions to cover client transactions, Charleston Financial Advisors, LLC receives no preference in the level of research or services offered by its custodians. There is no incentive to use one custodian over another. We use them because their operations result in best execution that is in our clients' best interest. Soft dollar benefits serve all clients' accounts and are not allocated.

Individual clients are neither intentionally advantaged nor disadvantaged in the normal course of trading. It is possible that two clients might receive different prices on the same security on a given day due to the time of day the trade was placed. This could occur due to varying market prices during the day with individual securities and exchange traded funds. Open ended mutual fund prices are not susceptible to this factor because they are uniformly traded at the end of the day at Net Asset Value.

We are assured by our custodians that their pricing is customary for our trading volume and practice profile. From time to time, we request that they review this to provide the most favorable available pricing for our clients. While, we do not have the resources to exhaustively verify their claims, we are of the opinion that their fees are not out of line with similar financial planning firms.

### **Brokerage for Client Referrals**

We do not have arrangements to receive referrals from custodians, which removes that as an incentive to select one custodian over another.

## **Directed Brokerage**

We may use broker-dealers other than Schwab or TD Ameritrade Institutional to execute trades for client accounts maintained at the client's custodian, but this practice may result in additional costs to clients, therefore, we are more likely to place trades through Schwab and TD Ameritrade Institutional rather than other broker-dealers. Our custodian's execution quality may be different from that of other broker-dealers.

## **Item 13: REVIEW OF ACCOUNTS**

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To ensure that clients' risk levels are being maintained, Charleston Financial Advisors, LLC will review client accounts at least quarterly. Charleston Financial Advisors, LLC will look for opportunities to rebalance client accounts when prudent, if investments have deviated from the client's target allocation. Considerations are the cost of a trade (transaction costs and tax costs) and the size of the trade.

Clients receive from their custodian trade confirmations and statements at least quarterly by e-delivery or mail. Clients also receive two reports from Charleston Financial Advisors, LLC quarterly. Report 1 shows a client's holdings and their allocation. Report 2 shows their quarterly returns, which are annualized for periods extending one year.

Financial plans are reviewed on an "as needed" basis at the request of the client.

## **Item 14: CLIENT REFERRALS AND OTHER COMPENSATION**

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We do not receive any referral fees.

We receive an economic benefit from financial partners in the form of the support products and services made available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. We utilize Dimensional Fund Advisors (DFA) mutual funds and they provide educational workshops and study groups. The availability to us of either DFA's or Schwab's or Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **Item 15: CUSTODY**

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While the firm takes no custody of client funds or securities, clients are encouraged to periodically compare our statements to the monthly or quarterly account statements they receive from Schwab or TD Ameritrade Institutional.

## Item 16: INVESTMENT DISCRETION

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Charleston Financial Advisors, LLC maintains the authority to determine, without obtaining specific client consent, the securities to be bought and sold and the amount of securities to be bought or sold. Charleston Financial Advisors, LLC does not maintain the authority to determine, without obtaining specific client consent, the broker-dealer to be used or the commission rates paid to the custodian to execute trades.

If the client requests a recommendation on which broker-dealer to use, suggestions are made based on the client's level of service needed. Charleston Financial Advisors, LLC does not accept any compensation, product, research, or services from any brokerage for referring any brokerage to any client.

## Item 17: VOTING CLIENT SECURITIES

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The firm's Proxy Voting Policy, as well as how proxies were voted, is available to Clients and Prospective Clients upon request. The procedures are designed and implemented in a way that is reasonably expected to maximize shareholder value.

### Schwab Wealth Investment Advisory, Inc.

Clients enrolled in IIP designate SWIA to vote proxies for the ETFs held in their accounts. Clients who do not wish to designate SWIA to vote proxies may designate us to vote proxies or may retain the ability to vote proxies themselves by signing a special Schwab form available from us.

## Item 18: FINANCIAL INFORMATION

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Charleston Financial Advisors, LLC need not provide a balance sheet because it neither has custody of client funds or securities nor requires prepayment of more than \$1,200 in fees per client, six or more months in advance.

## THANK YOU

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Thank you for placing your trust in us. As fiduciaries, we strive to act in good faith and in your best interest to help you achieve your financial goals!

Sincerely,



Diane H. Blackwelder



Myles B. Brandt



William C. Prewitt

December 31, 2020