

# Financial Security Advisory ♦ Management

*Dually Registered*



Client Relationship Summary (CRS)

ADV Part III

October 27, 2022

Financial Security Advisory, Inc. and Financial Security Management, Inc.  
477 Viking Drive, Suite 305  
Virginia Beach, VA 23452  
(757) 431-1414  
gofsg.com

Securities Offered through Financial Security Management, Inc. Member FINRA/SIPC

**Financial Security Advisory, Inc.** is an Investment Advisory firm registered with the Securities and Exchange Commission (SEC). **Financial Security Management, Inc.** Is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

Brokerage and Investment Advisory services and fees differ and it is important for you to understand these differences. Depending on your needs, we may recommend a brokerage account, an investment advisory account, or both. Feel free to ask for more information. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### **Types of Relationships and Services. *What investment services and advice can you provide me?***

Our accounts and services fall into two categories.

<b><i>Broker-Dealer Services</i></b> Financial Security Management, Inc.
<ul style="list-style-type: none"><li>* If you open a brokerage account, you will pay us a <b><i>transaction-based fee</i></b>, or commission every time you buy and at times, when you sell an investment.</li><li>* While our firm does not have any minimum account size or investment amount to open and/or maintain an account, the fund or annuity company you wish to invest in may. This will be disclosed on the account application and/or the fund or annuity prospectus.</li><li>* We may recommend investments, if you choose, but ultimately, the investment decision is yours. This includes the purchase and sale of said investment as well as the strategy to be used to achieve your goals. <b><i>We do not have discretionary authority</i></b> in your account(s).</li><li>* As part of our services, we offer educational and retirement planning strategies and can provide additional cash management recommendations. We do not regularly monitor brokerage accounts.</li><li>* You will receive account statements directly from the fund or annuity company.</li><li>* We offer a limited selection of mutual funds and annuities. Other firms could offer a greater range of choices that may have lower costs.</li></ul>

<b><i>Investment Advisory Services</i></b> Financial Security Advisory, Inc.
<ul style="list-style-type: none"><li>* If you open an advisory account, you will pay an ongoing, <b><i>asset-based fee</i></b>.</li><li>* While our firm does not have a minimum investment amount to open an account, the asset-based fee expense for ongoing monitoring and active portfolio management is generally recommended for accounts with \$100,000.00 or more.</li><li>* We will discuss your investment goals and design a strategy to achieve them. We will design and implement a diversified investment portfolio that suits your objectives. We regularly monitor your portfolio and investment strategy.</li><li>* We offer accounts that allow us to buy and sell investments on your behalf without asking you in advance. These are known as <b><i>discretionary accounts</i></b>.</li><li>* We will also provide a detailed statement with your individualized account performance on a tri-annual basis. Additionally, you will also receive statements from the custodian of your holdings (i.e. Charles Schwab &amp; Co., Inc.).</li><li>* Our advice will cover mutual funds, ETFs, and other securities offered through Charles Schwab. Other firms could provide advice on a greater range of choices that may have lower costs.</li></ul>

**CONVERSATION STARTERS:** Ask your financial professional:

Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?

How will you choose investments to recommend to me?

What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

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### **Fees, Costs Conflicts and Standards of Conduct. What fees will I pay?**

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

<b>Broker-Dealer Costs and Fees</b> Financial Security Management, Inc.
<p><b>* How do your financial professionals make money?</b> We are paid through <b>transaction-based fees</b> that are assessed each time you purchase and in some cases, when you sell a security. We are also paid with <b>trails</b>, which are fees deducted from the account as long as you hold the investment.</p> <p>With mutual funds, the fee is taken from your investment and deducted up front in an A-share. In a C-share, the fees are paid annually and you may pay a sales charge if you sell the security early. These fees reduce the value of your investment and are used, in part, to pay our commissions.</p> <p>With annuities, they also utilize <b>transaction-based fees</b>. In addition, they charge fees for the insurance risk, administrative fees, and fees for adding benefits and or bonuses to the contract. In the annuity, there are mutual funds that charge fees in addition to the fees paid to the annuity company. <b>Surrender charges</b> also apply to an annuity when you take money from your contract before the end of a surrender period. These fees reduce the value of your investment and are used, in part, to pay our commissions.</p> <p>* FSM does not charge any additional fees. We are paid only by the commissions from your investment.</p>

<b>Investment Advisory Costs and Fees</b> Financial Security Advisory, Inc.
<p><b>* How do your financial professionals make money?</b> We are paid through <b>asset-based fees</b>. You will pay an ongoing fee at the beginning of each tri-annual period. The fee is based on the total value of your advisory account according to the fee schedule in our ADV Part IIA Brochure.</p> <p>The amount paid to our firm and your financial professional does not vary on the type of securities we select on your behalf. This <b>asset-based fee</b> is deducted from your account and reduces the value of your account. The higher your account value, the more we will charge. This is incentive for us to increase to increase the assets in your account.</p> <p>The custodian, Charles Schwab &amp; Co., may impose additional fees for wires, transfer or bank and other charges. We are not compensated for these charges.</p> <p>* Asset-based fees may cost more than transaction-based fees on an account. Asset-based fees may make more sense to you if you prefer a more hands on approach to overseeing your accounts. Advisory accounts are regularly monitored and adjusted to keep on track with your long-term investment goals.</p>

**“What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment advisor? How else does your firm make**

## money and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

**Conflicts of Interest.** We benefit from the services we provide.

We can make larger commissions by selling you variable annuities. The annuity companies also pay additional commissions for the riders and other benefits you add to your contract.

N/A

**CONVERSATION STARTERS:** Ask your financial professional:

*Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

How might your conflicts of interest affect me, and how will you address them?

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**Disciplinary History.** Do you or your financial professionals have legal or disciplinary history?

**Yes.** Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research our firm and your financial professionals.

**CONVERSATION STARTERS:** Ask your financial professional:

*As a financial professional, do you have any disciplinary history? For what type of conduct?*

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## Additional Information.

For more information on our firms and financial professionals visit [Investor.gov](http://Investor.gov) or [BrokerCheck.FINRA.org](http://BrokerCheck.FINRA.org). You can also visit our website at [www.gofsg.com](http://www.gofsg.com). For additional information on our advisory service, please see our ADV Part IIA Brochure.

For more information on the Client Relationship Summary (Form CRS,) please visit [Investor.gov/CRS](http://Investor.gov/CRS)

**If you would like additional, up-to-date information or a copy of this disclosure, please call our Chief Compliance Compliance Officer, Amy C. Austin, at 757-431-1414.**

**CONVERSATION STARTERS:** Ask your financial professional:

*Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?*

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