



Empowering Financial Solutions, Inc.

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Firm Brochure (Form ADV Part 2, including A & B)

March 20, 2020

This Brochure provides information about the qualifications and business practices of EMPOWERING FINANCIAL SOLUTIONS, INC. (EMPOWERING). If you have any questions about the contents of this Brochure, please contact us at 805-541-5105 and/or Joan@EmpoweringFinancialSolutions.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

EMPOWERING FINANCIAL SOLUTIONS, INC. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about EMPOWERING FINANCIAL SOLUTIONS, INC. (CRD #144935) also is available on the SEC's website at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with EMPOWERING who are registered, or are required to be registered, as investment adviser representatives of EMPOWERING.

Item 2 – Material Changes

There have been no material changes made to EMPOWERING’s disclosure statement since last year’s Annual Amendment filing on March 25, 2019.

EMPOWERING’s Brochure may be requested by contacting Joan L. Parker, EA, CFP®, President at 805-541-5105 or Joan@EmpoweringFinancialSolutions.com.

EMPOWERING’s Brochure is also available on EMPOWERING’s web site www.EmpoweringFinancialSolutions.com, also free of charge.

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Item 4 – Advisory Business

EMPOWERING FINANCIAL SOLUTIONS, INC. (EMPOWERING) offers personalized financial planning and discretionary and non-discretionary investment management services to individuals and trusts, and is available to work with estates, pension & profit sharing plans and small business owners, on a fee-only basis. EMPOWERING was established in November 2007 by its principal owner, Joan L. Parker, EA, CFP®.

In its fiduciary capacity, EMPOWERING places the interests of its clients before its own. It does not accept sales commissions, finder's fees or any other fee. It is not affiliated with any entities that sell financial products or securities and instead receives all of its compensation from its clients.

EMPOWERING tailors services to the individual needs of clients based on the client's unique objectives, risk tolerance, investment time horizon, tax consequences and specific circumstances.

Prior to engaging EMPOWERING to provide services, clients are generally required to enter into an agreement with EMPOWERING setting the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to EMPOWERING beginning services. A copy of EMPOWERING's written brochure as set forth on Form ADV Part 2 shall be provided to each client prior to, or at the same time as, the execution of all client agreements. Any client who has not received a copy of EMPOWERING's written brochure at least 48 hours prior to executing the client agreement shall have five business days subsequent to executing the agreement to terminate EMPOWERING's services without penalty.

If requested by the client, EMPOWERING may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. If a client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

The client is free at all times to accept or reject any recommendation from EMPOWERING, and the client has sole authority with regard to implementation, acceptance, or rejection of any recommendation or advice from EMPOWERING. In performing its services, EMPOWERING is not required to verify any information received from the client or from the client's other professionals.

Personalized Financial Planning Services

Personalized financial planning services are offered as the cornerstone of all client relationships and serve as EMPOWERING's focus to provide independent and creative financial solutions on a consistent basis to empower clients to achieve their objectives. These services may include or exclude, as requested by the client, prioritization of client's financial objectives, identification of current assets and liabilities, tax planning, cash flow and debt management, insurance planning, retirement planning, education funding, estate planning and/or any special identified need or objective.

Initial Financial Review

Initial Financial Review Services are offered to all clients at the start of the relationship with the intention to create a firm foundation for future discussions & planning. The full scope and focus of the initial financial review is determined in a complimentary (no-obligation) introductory meeting and agreed upon prior to the engagement. In each initial financial review, EMPOWERING will offer to prioritize the client's objectives, identify the client's current assets and liabilities, address those issues that could influence the client's ability to achieve their objectives, and provide verbal and written analysis and recommendations of the specific issues addressed. After the execution of a letter of engagement, this review can take 2–4 meetings and up to one year to complete. Any issues not addressed during that time frame may be addressed as part of the ongoing financial review services.

Ongoing Financial Review

Ongoing Financial Review Services are offered to all clients and are included as part of the investment management services. It is the intent and expectation of EMPOWERING to have a continuing relationship with the client. Based upon this and to the extent requested by the client, EMPOWERING offers ongoing financial review services to address the existing financial issues facing the client, to keep current with the client's objectives and situation, and the applicability to the client of any current laws or changes to those laws. EMPOWERING will offer a formal review to clients at least annually. It remains the client's responsibility to promptly notify EMPOWERING if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising EMPOWERING's previous recommendations and/or services.

Project/Hourly Review

Project/Hourly Review Services are offered on a limited basis. The scope and focus of the project/hourly review is determined and agreed upon prior to the engagement. These services are offered on an as-requested basis. Upon the completion of the project/hourly review, the engagement is terminated and EMPOWERING has no further obligation to the client.

Investment Management Services

As of March 31, 2020, investment management services will no longer be offered to new clients. Investment management services are offered on a discretionary or non-discretionary basis and include *Ongoing Financial Review Services*. In either case and to the extent requested by the client, an investment policy statement for each client will be developed based upon a prioritization of the client's investment objectives, identification of the client's risk tolerance, and discussions about the client's investment experience, knowledge and level of interest in the management of the client's portfolio. In addition and to the extent requested by the client, the investment policy statement will identify those financial assets designated by the client to be subject to EMPOWERING'S management (which assets together with all additions, substitutions and/or alternations are referred to as the "designated assets" or "designated accounts"). Implementation performed by EMPOWERING may take place over a period of time versus investing all at once, particularly if the existing portfolio includes cash to be invested for the long term.

Discretionary Investment Management

Discretionary Investment Management Services are offered to those clients who want EMPOWERING to implement any recommended changes to the client's existing investment portfolio on the client's behalf, to monitor the portfolio on an ongoing basis and to rebalance the portfolio periodically on the client's behalf consistent with the parameters set forth in their investment policy statement. In addition and to the extent requested by the client, these services will include quarterly reporting of the portfolio's investment performance and periodic reviews (offered at least annually but more frequently if requested), which include a review of the client's investment objectives, investment portfolio and investment policy statement.

Non-Discretionary Investment Review

Non-Discretionary Investment Review Services are offered to those clients who want to take responsibility on their own for implementing any recommended changes to the existing investment portfolio and monitoring of the portfolio on an ongoing basis. To the extent requested by the client, EMPOWERING will meet with these clients initially to evaluate the client's existing investment portfolio and to make recommendations for changes. Each year thereafter and to the extent requested by the client, EMPOWERING will offer to meet with these clients to review the investment objectives, investment portfolio & investment policy statement and a summary of any recommendations for changes, if appropriate. In addition, for an asset for which EMPOWERING receives transaction information electronically, *Non-Discretionary Investment Review* services will include performance reporting as appropriate. In the event the client desires EMPOWERING to implement some or all of the recommendations and since EMPOWERING doesn't have discretionary authority over their portfolio, the client would

grant separate authorization to EMPOWERING to implement recommendations on the client's behalf. On a non-discretionary basis, any portfolio changes would be reviewed with the client prior to EMPOWERING's implementation of those recommended changes.

EMPOWERING may enter into agreements with various outsourcing firms to enhance EMPOWERING's efficiency and breadth of services. Presently, using Junxure Cloud by AdvisorEngine, EMPOWERING records client contact information, interactions and confidential data. Also, using Portfolio Center by Envestnet | Tamarac, EMPOWERING manages and reports on client portfolios to the extent requested by the client. In addition, using ShareFile by Citrix, EMPOWERING establishes personal client websites to securely send and house client documents to the extent requested by the client. All outsourcing firms employ industry-accepted protocols to safeguard & keep confidential client information.

EMPOWERING, as a matter of policy and practice, does not sponsor nor participate in any wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment supervisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

When appropriate, EMPOWERING may enter into agreements with separately managed account investment advisers and/or program sponsors. Presently, no agreements have been entered into for any existing clients. When these agreements are deemed appropriate, EMPOWERING will offer to clients who have engaged EMPOWERING for *Discretionary Investment Management Services* various types of programs sponsored by these advisers/sponsors. All separately managed account investment advisers to whom EMPOWERING may refer clients will be registered as investment advisers by their resident state and any applicable jurisdictions or registered investment advisers with the Securities and Exchange Commission.

After gathering information about a client's financial situation and investment objectives, EMPOWERING will assist the client in selecting and monitoring a particular separately managed account program. Fees paid by clients to independent separately managed account investment advisers and/or program sponsors are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document of each independent adviser and/or program sponsor to whom EMPOWERING refers its clients, and may or may not be negotiable, as disclosed in the disclosure documents of the separately managed account investment adviser. Fees paid by the client to EMPOWERING for selecting and monitoring the separate account manager are separate from the fees charged by the separate account manager and/or program sponsor and are based upon the inclusion of the assets placed in the separately managed account as part of the client's total financial assets.

Clients who are referred to separately managed account investment advisers will receive full disclosure, including services rendered and fee schedules, no later than the time a client completes an account agreement, by delivery of a copy of the relevant separately managed account investment adviser's Form ADV Part 2 or equivalent disclosure document along with any privacy notice and any description of the proxy voting policy for the applicable separately managed account investment adviser.

In addition, if the investment program recommended to a client is a separately managed account program the client will also receive the ADV Part 2A Wrap Fee Program Brochure or any equivalent separately managed account brochure provided by the sponsor of the program. EMPOWERING will provide to each client all appropriate disclosure statements no later than the time a client completes an account agreement. The separately managed account investment adviser and/or program sponsor will be responsible for delivering or offering to deliver updates to these disclosure brochures and other required documents.

EMPOWERING offers advice on, and its advice is limited to, a variety of types of investments, including equity securities that are exchange-listed, traded over-the-counter and foreign issues, warrants, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, investment company securities including variable life insurance, variable annuities, mutual fund shares and exchange-traded funds, United States government securities, option contracts on securities, interests in partnerships investing in real estate, oil & gas interests, trust deeds and equipment leasing, and tenant in common interests, private loans, mortgages and other business opportunities.

EMPOWERING normally employs mutual fund shares and exchange-traded funds in the design of investment portfolios. Clients may impose restrictions on investing in certain securities or types of securities. Most notably, clients may limit the securities held in their portfolios to mutual fund shares that screen for environmental, social and governance factors.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. EMPOWERING has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. EMPOWERING also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, EMPOWERING has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where EMPOWERING receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof

of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate if the client has authorized contact in this manner.

As of December 31, 2019, the amount of *client* assets EMPOWERING managed on a *discretionary basis* was \$25,016,703 and the amount of *client* assets it managed on a *non-discretionary basis* was \$23,154,340. In determining the amount of assets, the method used includes the entire value of each account, which may include family accounts, accounts for which no compensation is received and accounts for non U.S. residents, for which EMPOWERING provided continuous and regular investment management services as of the date indicated above.

Item 5 – Fees and Compensation

The fixed flat fee for the *Initial Financial Review Services* is \$3,000 and is payable at the start of the engagement.

The fixed flat fees for *Discretionary Investment Management* and *Non-Discretionary Investment Review Services* are payable quarterly, in advance, at the midpoint of each quarter and are agreed to by both parties at the start of the engagement and reassessed every three years or earlier if the client's overall financial situation changes significantly. These fees are based on a combination of the scope of services, the complexity of the client's situation and an estimate of the time involved to provide the services for which EMPOWERING has been engaged. These fees commence with the implementation of initial investment recommendations and are pro-rated for partial quarters.

Discretionary Investment Management Fees

Anticipated Hours Involved

15 - 50 Hours per year

Fee Range

\$3,000 - \$10,000 per year

Minimum fee paid quarterly \$750

Non-Discretionary Investment Review Fees

Anticipated Hours Involved

7.5 - 25 Hours per year

Fee Range

\$1,500 - \$5,000 per year

Minimum fee paid quarterly \$375

All fees may be negotiated at the discretion of EMPOWERING. Existing clients, family and friends may be under different fee schedules than those shown above.

EMPOWERING and each client will execute an engagement letter that sets forth the terms, conditions of the engagement and describes the scope and focus of the services to be provided. The specific manner in which fees are charged by EMPOWERING is established in this engagement letter. EMPOWERING will generally send invoices and bill fees in advance each calendar quarter. Clients may elect to be billed directly for fees or, with the execution of a limited power of attorney or trading authorization as required by the custodian, to authorize EMPOWERING to directly deduct fees from client accounts either from a specific account or on a pro-rata basis. Services initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any engagement, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Client may terminate the engagement within five business days of acceptance without penalty. Thereafter either party, upon written notice to the other, may terminate the engagement.

When multiple services are offered, there is a potential conflict of interest since there is an incentive for EMPOWERING to recommend services for which it may receive additional compensation. However, clients for whom EMPOWERING performed an initial financial review are under no obligation to act upon any recommendations of EMPOWERING, or, if they decide to follow the recommendations, to effect any transactions through EMPOWERING.

EMPOWERING's relationship with each client is non-exclusive; in other words, EMPOWERING provides personalized financial planning services and investment management services to multiple clients. EMPOWERING seeks to avoid situations in which one client's interest may conflict with the interest of another of its clients.

In the first year, the client will be charged the one-time initial financial review fee plus that portion of the discretionary or non-discretionary investment management services fee, which is based on a combination of the scope of services, the complexity of the client's situation and an estimate of the time involved to provide the services for which EMPOWERING has been engaged and as elected by the client. Thereafter and in subsequent years, the client will only be charged the discretionary or non-discretionary investment management services fee, as elected by the client.

EMPOWERING's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to

EMPOWERING's fee, and EMPOWERING shall not receive any portion of these commissions, fees, and costs.

The client is free to seek legal, accounting, and brokerage services from any professional source to implement the recommendations of EMPOWERING. Item 12 further describes the factors that EMPOWERING considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

EMPOWERING does not sell any investment or insurance products, and neither it nor any of its advisors receive commissions from persons sponsoring investments, other advisors, originators, syndicators, or distributors. EMPOWERING's only compensation is the fees it receives from its clients, and its only allegiance is to the client's best interests.

Project/Hourly Review Fees

Project/Hourly Review Services fees are charged at a rate of \$200 per hour, a deposit is required at the beginning of the engagement, and the balance is due upon completion of the services or project. The deposit amount is noted in the agreement the client signs and is generally equal to 50% of the anticipated total fee based on the projected amount of time. A client will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing EMPOWERING with written notice prior to completion of the project. Upon termination, any unearned fees, if any, shall be refunded to the client, and any earned, unpaid fees will be due & payable.

Item 6 – Performance-Based Fees and Side-By-Side Management

EMPOWERING does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

EMPOWERING provides portfolio management services to individuals and trusts and is available to work with estates, pension & profit sharing plans and small business owners.

EMPOWERING does not have a minimum size for opening or maintaining an account, however, does have minimum fees for each service.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. EMPOWERING's investment recommendations involve some degree of risk. All

investment activity in client's designated account(s) shall be at the client's own risk, which can result in loss of the client's investment capital, annual income, and/or tax benefits. EMPOWERING will not be expected to reimburse the client for any losses.

EMPOWERING utilizes fundamental, technical and cyclical methods of analysis. Its main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services and, in certain cases, annual reports, prospectus, filings with the Securities and Exchange Commission and company press releases.

EMPOWERING's primary investment strategy used to implement any investment advice given to the client regarding their long term portfolio is strategic asset allocation. Based upon current economic, market & political conditions and client-driven factors such as objectives, risk tolerance, investment time horizon, tax consequences and other constraints, investments are diversified across several asset classes, investment styles and sectors. The objective of diversification and asset allocation is to reduce risk and maximize return.

An asset allocation strategy is a framework used to design an investment portfolio. EMPOWERING's goal is normally to identify the mix of assets that best balances a client's desire for return with tolerance for risk. Investing in several risky assets can be better than investing in one safer asset because the collective returns of the riskier classes when combined as a group can be more stable than the single class. Diversification and asset allocation do not, however, always ensure or protect against a loss in a declining market. A major challenge in an asset allocation strategy is in the difficulty in predicting returns and correlations that are based on past history. Since there is no guarantee that past relationships will continue in the future, there is a risk with strategic asset allocation that the client could experience relative underperformance and greater volatility than expected, especially over shorter time periods. Often during periods of crisis, correlations between asset classes tend to converge and result in a breakdown in the degree of benefit derived by diversification. It is during these times of extreme market conditions that strategic asset allocation may fail to produce the anticipated returns and protect the client's portfolio from loss. The benefits of using an asset allocation approach, however, usually outweigh the inherent risks over the long term.

EMPOWERING employs a multiple-model approach designed to accommodate investors of various circumstances. Where applicable, modifications are made to take into account specific tax consequences and any investment constraints of each client. Mathematically, each model portfolio allocation corresponds to a specific downside risk target where the goal is to earn the highest return possible without exceeding the risk threshold, which is normally defined as the worst case loss in a one year period within a 95% confidence level.

Time is spent to assess an investor's risk threshold through a review of a risk tolerance questionnaire completed by the client, a presentation when possible of investment types, historical performance and strategies, and discussions with the client about objectives, time horizon, tax consequences and other constraints. Ultimately, it is the analyses prepared and discussions had during the initial financial review and/or ongoing financial reviews that determines the level of return, and in turn the level of risk, necessary or desired to achieve the clients' objectives.

EMPOWERING considers past returns, performance relationships, valuation relationships and current valuations to develop a strategic asset allocation for each model and depending upon selected analyses provided by the sources listed above, a tactical strategy is employed to take advantage of the perceived under and over valuations. By adjusting a portfolio's strategic asset allocation based upon shorter-term market forecasts, EMPOWERING attempts to maximize risk-adjusted returns by identifying and taking advantage of relative differences in expected performance among different asset classes or sectors to add value but, more importantly, to reduce risk. Due to the more active trading involved with this strategy, there exist the risks of higher tax liabilities and transaction costs. In addition, unless the execution of the strategy is flawless, there exists the risk of potential investment underperformance. EMPOWERING attempts to mitigate these risks by employing this strategy for a portion, and not all, of the portfolio and by over or under weighting certain asset classes or sectors where those differences are anticipated to exist for longer than six months and the incremental benefits are anticipated to justify those potential risks.

EMPOWERING normally designs the client's investment portfolios using actively-managed mutual fund shares and passively-managed & exchange-traded index fund shares. Using mutual funds and index funds allows EMPOWERING to construct flexible, globally diversified portfolios with exposure to many different market segments and asset classes. EMPOWERING is committed to eliminating unnecessary investment costs and identifying tax savings strategies that can significantly improve the chances of the success of the client's long-term financial plan. Reducing investment costs is one reason that EMPOWERING integrates index funds into client portfolios. As a professional investment advisor, EMPOWERING is able to access some load mutual funds at net asset value, which means EMPOWERING can invest in these funds without paying any sales charge that a client would normally pay as a retail customer.

Active management is an approach that uses a human element, such as a single manager, co-managers or a team of managers, to actively manage a fund's portfolio. Active managers rely on analytical research, forecasts, and their own judgment and experience in making investment decisions on what securities to buy, hold and sell. An investment in an actively-managed mutual fund could lose money over short or even long periods. The fund's share price and total return can fluctuate within a wide range. Depending upon a fund's underlying portfolio, its performance could be affected by:

- **Market risk**, which is the chance that prices overall will decline. Markets tend to move in cycles, with periods of rising prices and periods of falling prices. Funds may, at times, become focused in a particular sector, category, or group of companies.
- **Manager risk**, which is the chance that poor security selection will cause a fund to underperform relevant benchmarks or other funds with a similar investment objective.
- **Interest rate risk**, which is the chance that bond prices overall will decline because of rising interest rates. Interest rate risk for fund's that invest mainly in short- and intermediate-term bonds are less sensitive to interest rate changes than are the prices of long-term bonds.
- **Income risk**, which is the chance that a fund's income will decline because of falling interest rates.
- **Credit risk**, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.
- **Call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. Funds would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in a fund's income.
- **Country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because funds may invest a large portion of its assets in securities of companies located in any one country or region, a fund's performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets.
- **Emerging markets risk**, which is the chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.
- **Currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.
- **Industry concentration risk**, which is the chance that there will be overall problems affecting a particular industry.

The passively-managed & exchange-traded index funds (Index funds) employed by EMPOWERING seek to track the performance of a specific benchmark or index. Index funds do this by holding all (or a representative sample) of the securities in the index being tracked. This “passive” investment approach emphasizes broad diversification, limited trading of the securities held in the portfolio, and low costs. An investment in an index fund could lose money over short or even long periods. The index fund's share price and

total return can fluctuate within a wide range. Index fund shares could be subject to all of the above risks. In addition and because exchange-traded fund (ETF) shares are traded on an exchange, they are subject to the following additional risks:

- ETF shares are listed for trading on NYSE Arca and/or other stock exchanges and can be bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV vary significantly. Thus, clients may pay more or less than NAV when buying ETF shares on the secondary market, and clients may receive more or less than NAV when selling those shares.
- Although ETF shares are listed for trading on NYSE Arca and/or other exchanges, it is possible that an active trading market may not develop or be maintained.
- Trading of ETF shares on NYSE Arca may be halted if NYSE Arca officials deem such action appropriate, if ETF shares are delisted from NYSE Arca, or if the activation of marketwide “circuit breakers” halts trading generally.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of EMPOWERING or the integrity of EMPOWERING’s management. EMPOWERING has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Registered investment advisers are required to disclose any other financial industry activities in which it is involved or affiliations that it has that would be material to the evaluation of EMPOWERING or the integrity of EMPOWERING’s management.

EMPOWERING has the authority to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of the securities to be bought or sold for the designated assets of clients who engage EMPOWERING for *Discretionary Investment Management Services*.

Item 14 further describes the relationship between EMPOWERING and any third parties who may pay the fees on behalf of the client.

Item 11 – Code of Ethics

EMPOWERING generally requires that persons involved in determining or giving investment advice have a bachelor’s degree and further coursework demonstrating knowledge of financial planning, including but not limited to CFP, ChFC, CFA, CPA, EA, MBA or JD. Additionally, they must have work experience that demonstrates their aptitude

for financial planning and investment management and maintain the minimum continuing education requirements and adhere to the code of ethics of the industry associations in which they are a member and/or designations held. In addition to setting high standards for its work with clients, EMPOWERING's intent in adopting these codes of ethics is to protect client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing. The full text of these codes is available upon request.

EMPOWERING, its employees and their immediate family members may buy or sell securities that are also held by clients. EMPOWERING, its employees and their immediate family members may not under most circumstances trade their own securities ahead of client trades. EMPOWERING, its employees and their immediate family members may, however, buy and/or sell "exempt" securities also recommended to clients when transactions are in direct obligations of the U.S. government, bankers' acceptances, certificates of deposit, commercial paper and high quality short term debt instruments including repurchase agreements, or shares issued by registered open-end investment companies and similar investments where personal ownership is not likely to present a conflict of interest. These transactions will be fully disclosed to clients if at any time it appears that such investing will impact any recommendation provided to clients. All trades for non-"exempt" securities must be documented and will be reviewed quarterly by the Chief Compliance Officer. All employees abide by the provisions of the company's policy and procedures manual. As a fiduciary, EMPOWERING and its employees must act for the benefit of clients and place client's interests before its own.

Under the Department of Labor's (DOL) Conflict of Interest Rule, registered investment advisers are required to designate a Chief Conflicts Officer by April 10, 2017, who is responsible for (1) addressing "material conflicts of interest" (i.e., when an advisor or financial institution has a financial interest that a "reasonable person would conclude could affect the exercise of its best judgment as a fiduciary in rendering advice" to a retirement investor) and (2) monitoring advisors adherence to impartial conduct standards outlined by the Best Interest Contract exemption. EMPOWERING designated Joan L. Parker effective 3/22/17.

In March 2018, the United States Fifth Circuit Court of Appeals moved to vacate the Department of Labor's (DOL) Conflict of Interest Rule, which means registered investment advisers are no longer required to designate a Chief Conflicts Officer nor be bound by the Rule. Notwithstanding, EMPOWERING plans to continue to comply with the intent of the rule and await further developments.

Item 12 – Brokerage Practices

EMPOWERING has no authority to determine, without obtaining specific client consent, the broker or dealer to be used. EMPOWERING does not have any affiliation or agency relationship with any broker, dealer, custodian, investment company or insurance

company. EMPOWERING does not receive any fees, commissions or rebates from any product sponsor.

EMPOWERING permits clients to choose a specified broker-dealer and/or custodian. Also, in the case of qualified retirement plans, the client may be limited to a specified broker-dealer and/or custodian and specific investment alternatives. In the event the client also directs EMPOWERING to execute transactions through that specified broker-dealer and/or custodian, the client separately authorizes EMPOWERING to execute transactions using electronic access and their unique web credentials. Clients should recognize that the specified broker-dealers and/or custodians may not achieve the most favorable execution nor offer the most competitive investment options and that this can affect investment performance and brokerage and other transaction costs.

EMPOWERING has no authority to determine, without obtaining specific client consent, the commission rate the client will pay. When determining the reasonableness of the commission rates, EMPOWERING considers the custodian's overall product range, execution capability, transaction fees, responsiveness as well as the client's needs and any constraints. The client may or may not pay a nominal transaction fee for some transactions and will receive the commission rates available to EMPOWERING. The client may be able to obtain similar services elsewhere for less fees and lower commissions.

EMPOWERING does not engage in block transactions or aggregation of orders.

In the event the client requests that EMPOWERING recommend a broker dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct EMPOWERING to use a specific broker-dealer/custodian), EMPOWERING generally recommends TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC (TD Ameritrade) and Charles Schwab and Co., Inc. (Schwab). Prior to engaging EMPOWERING to provide investment management services, the client will be required to enter into a formal agreement with EMPOWERING setting forth the terms and conditions under which EMPOWERING shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that EMPOWERING considers in recommending TD Ameritrade and Schwab (or any other broker-dealer/custodian to clients) include historical relationship with EMPOWERING, entity's financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by EMPOWERING's clients shall comply with EMPOWERING's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction. If this occurs, it is because EMPOWERING determines, in good faith, that the transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents

the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although EMPOWERING will seek competitive rates, it may not necessarily obtain the lowest possible commission or transaction rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, EMPOWERING's investment management fee. EMPOWERING's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, EMPOWERING may receive from TD Ameritrade and Schwab (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist EMPOWERING to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by EMPOWERING may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by EMPOWERING in furtherance of its investment supervisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist EMPOWERING in managing and administering client accounts. Others do not directly provide such assistance, but rather assist EMPOWERING to manage and further develop its business enterprise.

EMPOWERING's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade and Schwab as a result of this arrangement. There is no corresponding commitment made by EMPOWERING to TD Ameritrade, Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

EMPOWERING's Chief Compliance Officer, Joan Parker, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Item 13 – Review of Accounts

Ongoing Financial Review Services are offered at least annually and are performed to address the ongoing financial issues facing EMPOWERING's clients, to keep current with the client's objectives and situation, and the applicability to the client of any current laws or

changes to those laws. In addition, EMPOWERING will revisit the client's investment policy statement and make changes, if appropriate.

Account reviews for those clients who have engaged EMPOWERING for *Discretionary Investment Management Services* are performed at least quarterly, and more frequently if appropriate, with regard to the client's overall asset allocation of the portfolio in light of the client's investment policy statement. Additional triggering factors may include changes in the client's objectives, risk tolerance or situation, in the economic & market conditions and in the tax laws, and/or by direction of the client.

Account reviews for those clients who have engaged EMPOWERING for *Non-Discretionary Investment Review Services* are offered to be performed at least annually or more frequently if the client's situation changes significantly, with regard to the client's overall asset allocation of the portfolio in light of the client's investment policy statement. Additional triggering factors may include significant changes in the client's objectives or risk tolerance.

The reviewer for EMPOWERING is Joan L. Parker, EA, CFP®. Each reviewer is instructed to consider the current economic & market conditions, the client's objectives, risk tolerance, unique constraints and tax situation along with investment fees & expenses. Reviewers for EMPOWERING will usually be assigned a maximum of 100 clients.

Written reports for those clients who have engaged EMPOWERING for *Discretionary Investment Management Services* are offered at least quarterly, and more frequently if appropriate. The quarterly reports include a summary of the client's current holdings that are linked electronically to EMPOWERING along with the dollar return and rate of return for various time periods, as applicable.

Written reports for those clients who have engaged EMPOWERING for *Non-Discretionary Investment Review Services* are offered at least annually. The annual reports include a summary of the client's current holdings that are linked electronically to EMPOWERING along with the dollar return and rate of return for various time periods, as applicable.

Clients with taxable accounts may receive year-end income tax-related reports as well. Clients will also receive periodic statements directly from the custodian through which they implement the investment transactions.

Item 14 – Client Referrals and Other Compensation

EMPOWERING does not provide nor receive any compensation for client referrals.

EMPOWERING may receive some economic benefit from a non-client in connection with giving advice to clients, such as discounted software, support services, or products that

assist EMPOWERING to better monitor or service client accounts. These benefits are not material and would not induce EMPOWERING to place business through the service provider. As a fiduciary, EMPOWERING will place the interests of its clients before its own.

On occasion, EMPOWERING performs financial planning services for individuals who are referred by FinancialPoint, a firm contracted with Servicemembers' Group Life Insurance and Hartford Insurance Company to offer financial counseling to beneficiaries. In these cases, the client engages EMPOWERING for the financial planning services but the fees are paid directly to EMPOWERING by FinancialPoint. These services do not include investment management services. The client, however, may choose to engage EMPOWERING separately to perform investment management services and be responsible for paying any fees associated with these separate services.

As referenced in Item 12 above, EMPOWERING may receive an indirect economic benefit from TD Ameritrade and Schwab. EMPOWERING, without cost (and/or at a discount), may receive support services and/or products from TD Ameritrade and Schwab.

EMPOWERING periodically receives client referrals from websites where they may be listed. In no case will the client pay any additional fees to EMPOWERING for services if the referral comes from any of these listings.

Item 15 – Custody

EMPOWERING is deemed to have custody of clients' funds or securities when clients have standing authorizations with their qualified custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorizes EMPOWERING to designate the amount or timing of transfers with the qualified custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which EMPOWERING follows. EMPOWERING expects to make a good faith effort to discontinue all of these SLOA arrangements in early 2018.

A qualified custodian is used for client accounts under management. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. EMPOWERING urges clients to carefully review such statements and compare such official custodial records to the account statements that EMPOWERING may provide. EMPOWERING's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should recognize that custodians do not verify the fee calculations prepared or deductions made by EMPOWERING.

EMPOWERING's managed accounts may include those "held away" at a client's employer-sponsored 401(k) or other custodian. EMPOWERING receives separate

authorization from the client to take receipt of the client's unique web credentials for these accounts in order to enable EMPOWERING to provide the investment management services, performance and tax reporting as requested by the client. EMPOWERING will manage "held away" accounts only if doing so does **not** constitute custody.

Item 16 – Investment Discretion

Under the terms of the *Discretionary Investment Management Services* and with the execution by the client of a limited power of attorney or trading authorization as required by the custodian, EMPOWERING has the authority to determine and implement, without obtaining specific client consent, the specific securities and the amount of those securities to be bought or sold. This authority is limited in scope to the execution of transactions, disbursements to the client and fee payment, as specifically and separately authorized by the client. Under the terms of these services, EMPOWERING accepts responsibility for implementing all security transactions consistent with the client's objectives and investment policy statement, the parameters for which are agreed upon by the client.

Under the terms of the *Non-Discretionary Investment Review Services* and with the execution by the client of a limited power of attorney or trading authorization as required by the custodian, EMPOWERING has the authority to determine and implement, after obtaining specific client consent, the specific securities and the amount of those securities to be bought or sold. This authority is limited in scope to the execution of transactions, disbursements to the client and fee payment, as specifically and separately authorized by the client.

In the event the client gives specific consent or trading authorization, EMPOWERING accepts responsibility for implementing all security transactions consistent with the client's objectives and investment policy statement, the parameters for which were agreed upon by the client. In the event the client decides to withhold specific consent or trading authorization, the client accepts responsibility for implementing all security transactions.

When determining whether to engage EMPOWERING on a discretionary or non-discretionary bases, please note that trades for discretionary clients may be placed ahead of non-discretionary clients.

Item 17 – Voting Client Securities

Client may authorize EMPOWERING to take responsibility to vote all proxies and act upon all corporate actions requiring shareholder actions in a timely and consistent manner as part of its limited authority for the designated account(s), as well as specific securities directly purchased or authorized for purchase by the client but not managed by EMPOWERING, in accordance with EMPOWERING's Proxy and Corporate Action Voting Policies and Procedures. When voting proxies or acting with respect to corporate actions

for clients, EMPOWERING's utmost concern is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). EMPOWERING will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account.

In the case of specific securities directly purchased or authorized for purchase by the client but not managed by EMPOWERING, EMPOWERING does not permit clients to direct a vote in a particular solicitation. In other words, once voting authority is granted to EMPOWERING in the client agreement, EMPOWERING will not solicit the client nor allow client direction on a case-by-case basis.

If it is determined that a proxy proposal raises a material conflict between EMPOWERING's interests and a client's interest, EMPOWERING will resolve such a conflict by 1) voting in accordance with EMPOWERING's guidelines, 2) if EMPOWERING's guidelines are not specific, voting in proportion to other shareholders not affiliated with EMPOWERING, or 3) if proportional voting information is not available, abstaining from voting and, if in the client's best interest to vote, forwarding the proxy voting materials to the client.

Clients may obtain a copy of EMPOWERING's complete proxy voting policies and procedures upon request. Clients may also obtain information from EMPOWERING about how EMPOWERING voted any proxies on behalf of their account(s).

In the case clients decide to take responsibility to vote all proxies and act upon all corporate actions, the clients will receive the proxies and other solicitations directly from the custodian or transfer agent. When assistance on voting proxies is requested under these circumstances, the client may contact EMPOWERING with questions about a particular solicitation.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about EMPOWERING's financial condition. EMPOWERING has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Since EMPOWERING does not require or solicit prepayment of more than \$500 in fees per client six months or more in advance nor takes custody of client assets, it is not required to include a balance sheet.

Item 19 – Requirements for State-Registered Advisers

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Brochure Supplement
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This Brochure Supplement provides information about Joan L. Parker, EA, CFP® that supplements the Empowering Financial Solutions, Inc.'s Brochure. You should have received a copy of that Brochure. Please contact Joan L. Parker, EA, CFP®, President at 805-541-5105 if you did not receive Empowering Financial Solutions, Inc.'s Brochure or if you have any questions about the contents of this supplement. Additional information about Joan L. Parker, EA, CFP® is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Joan L. Parker, EA, CFP® is the founder, CEO and Chief Compliance Officer of EMPOWERING. Ms. Parker was born in 1959. She is a graduate of the University of California at Berkeley (B.A., 1981) and has a Master's Degree in Financial Planning from Golden Gate University in San Francisco (1985). She is a Certified Financial Planner licensee, is enrolled to represent taxpayers before the Internal Revenue service and is licensed as a life insurance & variable contract producer with the State of CA (she has no insurance company affiliation), and meets the continuing education requirements for each. Ms. Parker is a member of the National Association of Personal Financial Advisors (NAPFA) and of the Financial Planning Association (FPA). She is currently scholarship chair of the Central Coast Cal Alumni Chapter, the treasurer for the non-profit HumanKind Fair Trade SLO and serves on the Board of The Community Foundation San Luis Obispo County. From September 1995 – June 2007, she was an Associate Advisor at and most recently served as the Director of Financial Planning Services for R. E. Wacker Associates, Inc., from 1990 – 1995, she was an Associate Financial Planner with J. P. King & Associates in Walnut Creek, CA, and from 1986 – 1990 was a Financial Planning Specialist for The New England.

CERTIFIED FINANCIAL PLANNER™ Qualifications and Requirements

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 86,000 individuals have obtained CFP® certification in the United States.

The following are the CFP® certification requirements as of 1/1/2020 and may not be the qualifications in place when the credential was obtained:

- **Education** – Complete college or university-level coursework through a program registered with CFP Board, addressing the major personal financial planning areas identified by CFP Board’s most recent Job Analysis Study; and verify that you hold a regionally accredited college or university bachelor’s degree or higher (accreditation must be recognized by U.S. Department of Education at the time the degree is awarded). CFP Board’s major personal financial planning areas include general principles of financial planning, insurance planning, investment planning, income tax planning, retirement planning, estate planning, interpersonal communication, professional conduct and fiduciary responsibility and financial plan development course;
- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination, administered in two 3 hour testing sessions over a one day period, includes case studies and client scenarios designed to assess one’s ability to apply financial planning knowledge in an integrated approach to real-life financial planning situations;
- **Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- **Ethics** – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- **Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and

- **Ethics** – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

The following are the **Enrolled Agent (EA)** designation requirements as of 1/1/2020 and may not be the qualifications in place when the designation was obtained:

- **Examinations:** Pass three parts of the IRS Special Enrollment Examination in two years;
- **Compliance check:** Pass a tax compliance check to ensure that you have filed all necessary tax returns and there are no outstanding tax liabilities.;
- **Obtain and maintain Preparer tax identification number (PTIN);**
- **Continuing Education:** Complete 72 hours of continuing education every 3 years, of which 16 hours of general and 2 hours of ethics must occur each calendar year.

The qualifications to maintain the **CA Life Insurance Agent** license as of 1/1/2020 are as follows:

- **Continuing Education:** Complete 24 hours of continuing education every 2 years, of which 3 hours are in ethics and 8 hours are in long term care insurance.

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

Ms. Parker performs the continuing education requirements to maintain her CA insurance license but has no insurance company affiliations, does not sell insurance, and receives no compensation from insurance sales.

On occasion, Joan L. Parker, EA, CFP®, President of EMPOWERING, performs services as a litigation consultant/expert witness that are outside of the normal investment advisory services, The time spent on these activities is not intended to take away from time normally devoted to clients.

Item 5- Additional Compensation

Ms. Parker has no information applicable to this item.

Item 6 - Supervision

Ms. Parker has no information applicable to this item.

Item 7- Requirements for State-Registered Advisers

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to evaluation of each supervised person providing investment advice. Ms. Parker has no financial commitment, award or otherwise that impairs her ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy petition.