



Haag Financial Consulting
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Chicago, IL 60657
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Brochure

February 2008

OVERVIEW

Haag Financial Consulting (HFC) is a fee-only financial planning firm that provides objective comprehensive financial planning and asset management services for individuals, couples and families, trusts and estates.

Fee-only means that you pay a fee for our services in exchange for which you are guaranteed that our advice is completely unbiased. We will never sell you any products, period. Any advisor claiming to provide free advice is being compensated with hidden commissions or other fees and the advice is likely to be skewed by that.

Haag Financial Consulting is registered with the Illinois Securities Department as a Registered Investment Advisor. This brochure provides information about our business, fees and services. Much of the information comes from Form ADV, Part II, which is required to be filed with the state as part of the registration process.

1. ADVISORY SERVICES AND FEES

Haag Financial Consulting offers three types of services, each described below and each billed in its own manner.

- Portfolio management is billed based on assets under management
- Comprehensive financial planning is billed by a fixed agreed-upon annual retainer
- Hourly consulting is billed by the hour.

HFC receives approximately 50% of its revenue from investment supervisory services, 20% from investment advice not involving supervision, 5% from investment consultation and 25% from advice not involving securities

Portfolio Management

Portfolio management services consist of helping a client construct an investment portfolio and ongoing monitoring thereof. Existing and proposed investments are reviewed to assure that they meet the client's objectives for suitability, diversification, tax efficiency, cash flow needs, and low transaction costs. We generally does not attempt to "time" the market and turnover is generally kept low. However, longer-term market conditions are taken into account.

Standard fees are as follows:

First \$500,000 – 1% annually (0.25%/quarter)

Next \$500,000 – 0.75% annually (0.1875% quarterly)

All amounts over \$1,000,000 – 0.5% annually (0.125% quarterly)

Fees are negotiable and may be capped for large accounts. There is no minimum fee or portfolio size, but we may choose not to take on small accounts at our discretion.

Note that HFC never takes custody of client assets and never makes unilateral investment decisions. All recommendations are made to the client first. If recommendations are accepted, we may execute trades on client's behalf or client may execute his/her own trades.

A client may terminate the services at any time. If this is done during the first 3 months there will be no refund. Thereafter, a pro rata refund will be made for unused complete months.

HFC offers advice on a broad range of investment vehicles, including exchange-listed securities, over-the-counter securities, foreign issuers, warrants, corporate debt, variable life, variable annuities, mutual funds and US government securities. We use research provided by others, annual reports, financial periodicals and corporate rating services in preparing our analyses.

Comprehensive Financial Planning

Haag Financial Consulting provides comprehensive financial planning services, including advice on such matters as insurance, taxes, cash flow, education funding and estate planning.

Comprehensive financial planning is done on a retainer basis. After an initial free assessment meeting we will quote a single fixed fee that covers financial planning for one year. An initial down payment of \$500 is required for work to begin. The remainder of the fee is billed quarterly over the course of the year. Fees will range from \$1,000 to \$10,000 for the first year. Subsequent years are typically half of the first year's fee. Development of a comprehensive financial plan typically takes 2 to 4 months and involves numerous meetings with the client. All meetings as well as analysis and report preparation and assistance with plan implementation are included in the single fee.

The fee is calculated as 2% of the client's gross income, within the range specified above. However, the quoted fee may vary from the above based on the complexity of the prospective client's situation.

Since each client's situation is different – age, wealth, marital status, children, etc. – the specific issues addressed in the final report will vary. To the extent that they apply, the following issues are typically covered in the report:

- Cash flow – Identifying sources of income and expenses and review of opportunities to improve same
- Risk Management/Insurance – Review of existing home, car, life, umbrella, disability and long-term care insurance. Is coverage adequate or perhaps more than needed? Are deductibles appropriate? Could costs be reduced by shopping for cheaper alternatives?
- Education funding – Recommendations on the best ways to save for children's or clients' school expenses
- Tax planning – Analysis of prior year tax returns and current information to see if there are opportunities for the client to reduce state and federal income taxes. The impact of the Alternative Minimum Tax is assessed. (Note that this does not include actual preparation of tax returns)
- Retirement planning – Review of current progress, if any, client is making towards financial independence after retirement. Recommendations for changes such as increasing or lowering 401(k) contributions, opening and contributing to IRA, Roth IRA or SEP-IRA accounts. Projections of how long money will last when taking expected cash flow and Social Security into account.
- Estate planning – Review of client's wills, trusts, etc. if any. Discussion of various estate planning techniques to assure client's wishes are documented and estate taxes are minimized. Note that no legal advice is given, just guidelines.

Note that the retainer does not include asset management fees, which are optional and billed separately.

Hourly Consulting

Hourly charges will apply if desired by the client. The rate is \$150/hour. This rate may change from time to time, but the client will always be informed in advance of any rate change.

Generally, if a client has one or a few specific issues to be addressed, advisor will quote an estimated number of hours on a not-to-exceed basis, which the client may accept or decline. This may simply involve a face-to-face meeting, where the client's questions are discussed and answered or may require research by the advisor which would be presented subsequently. An example might include a one-time review of a portfolio with investment recommendations but without continuous supervision. It is impossible to estimate the time required, as it depends entirely on the issues the client wants addressed.

2. EDUCATION AND BUSINESS BACKGROUND

Peter G. Haag, CFP ®, born 1952

S.B., Management/Computer Science, Massachusetts Institute of Technology, 1975

S.M., Sloan School of Management, Massachusetts Institute of Technology, 1975

Principal, Haag Financial Consulting, 2007-

Financial Planning Consultant, Mentor Capital Management Inc., 2004-2007

President, Peter Haag Consulting, Inc., 2001-2003

Assistant VP, Scudder Investments, 1987-2001

Manager, Chicago Board Options Exchange, 1981 – 1987

3. FINANCIAL INDUSTRY AFFILIATIONS

HFC is authorized as an institutional advisor with Charles Schwab & Co. This permits us to access client account information at Schwab and to perform trades on behalf of clients. Accounts are non-discretionary. All activity is performed only with prior client approval.

HFC may recommend a broker if the client wants a recommendation, but client is under no obligation to use the suggested broker and the client's fees will not depend on the use of a particular broker. Research provided by brokers is used for any and all accounts, regardless of which broker is the custodian.

Transactions, to the extent possible, are directed to the executing broker able to provide the best price and without regard to products or research provided.

4. ETHICS

Before buying or selling securities for our own account, which we are also recommending to one or more clients, we will notify those clients and give them the opportunity to execute the recommended trades before advisor does his own. This guideline does not apply to money funds, US government securities and open-end mutual funds, nor does it apply if the advisor's trading occurs at least 5 business days prior to the recommendation to the client(s).

Haag Financial Consulting's Code of Ethics, which is available to all prospective and current clients upon request, spells out these rules of conduct in more detail. It says that we will always conduct our business ethically, honestly, objectively, fairly and with the highest integrity and that clients' interest will always take precedence over our own.

ACKNOWLEDGEMENT

I/we hereby acknowledge having received Haag Financial Consulting's Brochure dated February 2008.

Client's Name (printed)

Client's Signature

Date

Additional Client's Name

Additional Client's Signature

Date