

Important Questions You Should Ask About Morrison Financial Services, Ltd.

Registered Investment Advisor Disclosure Brochure

The purpose of this brochure is to provide you with background information about Morrison Financial Services, Ltd., and to give you an understanding of how we do business. Thank you for your interest in our firm.

About Us:

➤ **Who are we?**

We are a small, independent financial planning firm owned by Thomas Morrison, established in 1983. We are located in Wheaton, Illinois.

➤ **What is Morrison Financial Services, Ltd.?**

Morrison Financial Services, Ltd., is an investment advisory firm registered with the Illinois Department of Securities as a Corporate Registered Investment Advisor. Our Illinois Department of Securities file number is 1099.

➤ **What is a Registered Investment Advisor?**

An Investment Advisor is a fiduciary who has a duty to provide undivided loyalty to his investment advisory clients and must deal fairly and honestly with them. Any person or entity that holds itself out as a financial planner or advisor must be registered either with the Security and Exchange Commission or with the State where they conduct investment advisor business.

Our Services:

➤ **What does Morrison Financial Services, Ltd. offer?**

- Financial and estate planning advice
- Income and estate tax analysis
- Tax reduction strategies
- Review of existing investments
- Asset allocation recommendations
- Investment monitoring
- Mutual fund analysis
- Insurance analysis
- Qualified retirement plan advice
- Retirement income analysis
- Tax return preparation services for investing clients — limited

➤ **Whom do you serve?**

Individuals, businesses, trusts, estates, and qualified retirement plans.

➤ **Who can benefit most by your services?**

Anyone who is in need of financial, tax or investment advice or direction, or who wishes to plan prudently for his or her financial future. Furthermore, persons who desire an analysis of their retirement income and capital needs or an investment monitoring service may find our programs appealing. Our goal is to apply our services and experience to your specific needs.

➤ **How much money do I/we need to utilize your services?**

There is **no** minimum or maximum dollar requirement, nor is there any annual income requirement. We

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This disclosure brochure is in lieu of Form ADV Part II, which is required by the Illinois Department of Securities to be given to potential clients by investment advisors prior to any formal agreements.

Updated January 2009.

Our Services (contd.):

(Continued from page 1)

encourage all persons to have financial goals.

- **Once an analysis is completed or an investment program has been implemented, does our relationship end?**
Absolutely not! Ongoing service, periodic review, and day-to-day consultation is available as needed. We look forward to servicing investors.
- **Do you provide on-going monitoring of investments?**
Absolutely! As of the end of December, 2008, we were **monitoring in excess of \$130 million** for investing clients. The implementation of investment recommendations is just one of the steps to assisting you in fulfilling your financial goals. We are committed to providing on-going monitoring of **ALL** recommended investments and providing advice thereon.
- **Why is investment monitoring important?**
Time changes most things. Our role is to be the manager of the investment managers. This includes tracking mutual fund managers for consistency of performance relative to the

goal of the mutual fund's objective and tracking the risk adjusted rates of return produced by the funds. Monitoring also includes being aware of manager continuity, changes in fund objectives, management fees, or other changes that might have an impact on the decision to continue with the fund or service recommended.

- **Does Morrison Financial Services, Ltd. offer a tax preparation service?**
Successful management of your income taxes can be a central focal point of many financial programs. Tax preparation *is available but only to investing IL clients*. We encourage individuals who are satisfied with their current tax preparer to *retain* that individual. We do not provide business accounting or business tax services.
- **Do you provide legal services?**
No! Morrison Financial Services, Ltd. limits itself to only providing advice on financial, income tax, estate tax, and investment matters. We have a working relationship with several attorneys and we would be glad to provide you with a recommendation as needed.



“Our goal is to apply our services and experience to your specific needs.”

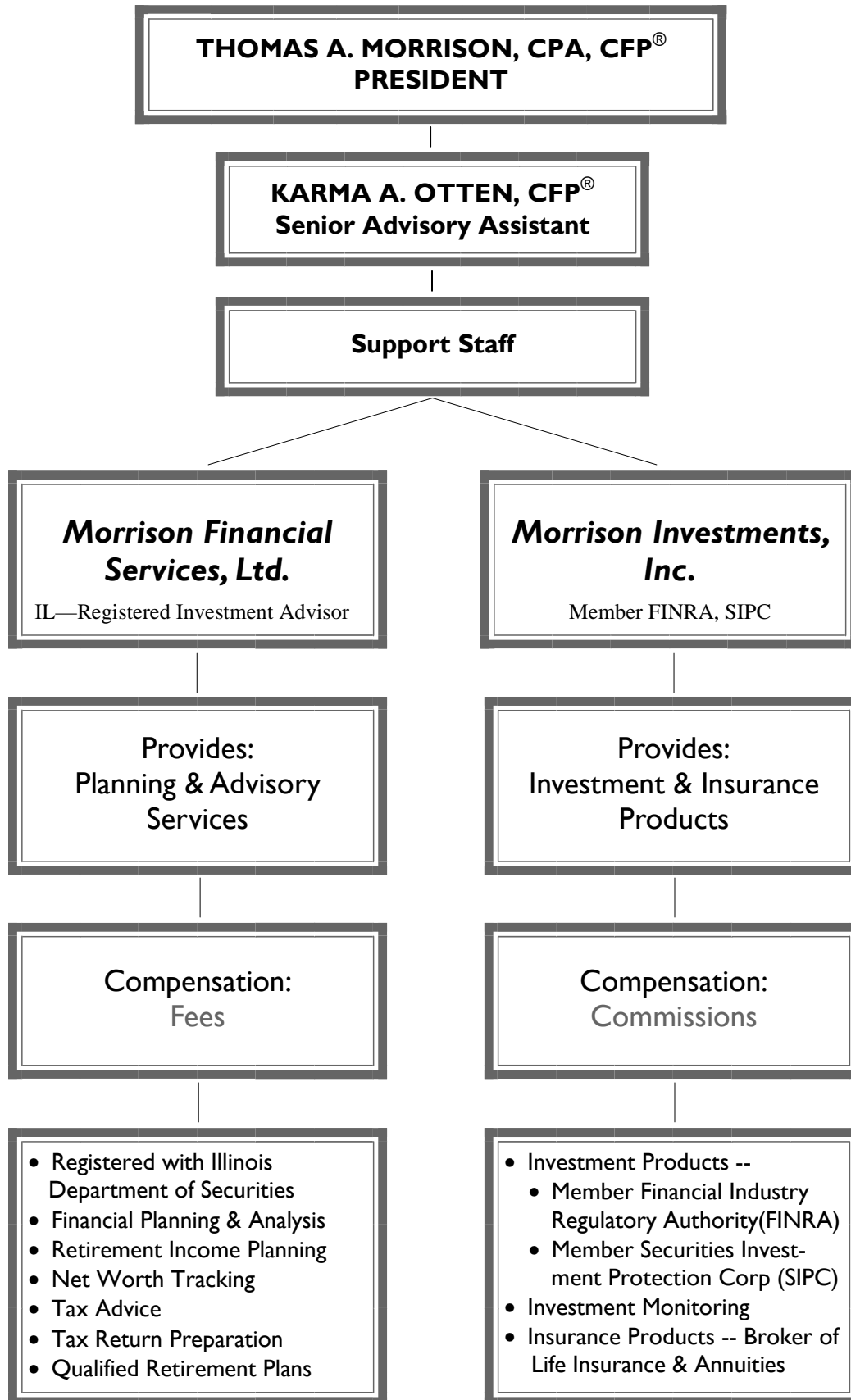
What type of securities or accounts do you provide advice for?

Asset types: certificates of deposit, money market accounts, government securities, corporate and municipal bonds, annuities (variable & fixed), stocks, unit trusts, real estate, energy, precious metals, and others.

Managed investments: mutual funds, mutual fund timing services, individualized personal asset management services, trust services, and on a more limited scale, master limited partnerships, public and private limited partnerships, and more.

Account types: Regular assets, Trust assets, IRA accounts (Self-directed, Rollovers, Traditional, SEP, Roth, Simple), Qualified retirement accounts (401k, 403b, profit sharing, etc.), Section 529 accounts, Uniform Trust to Minor Act accounts, and more.

Our Structure:



As you can see, the firm is divided into two distinct companies. Morrison Financial Services (MFS) is an advisory arm that provides advice regarding financial matters, and related services.

Morrison Investments, Inc. (MII) is a sales arm that provides investment and insurance products. The firm is licensed to represent numerous mutual fund groups and related investments, as well as several insurance companies.

MII receives commissions or servicing fees if MFS clients implement recommendations to purchase securities or insurance through MII. As a result, this may be perceived as a potential conflict of interest.

Our Credentials:

➤ **What business or educational standards have you established?**

Our goal has been to be a broad based advisory firm experienced in all areas relating to financial, tax and investment advisory services. As such Thomas A. Morrison has personally obtained the licenses and registrations necessary to provide this comprehensive service.

In order to keep abreast of the latest financial, investment, and tax strategies, Mr. Morrison obtains a minimum of **40 hours of continuing educa-**

tion per year. He is committed to providing objective advice and recommendations which have integrity and honesty at their core, and to educate investors regarding sound investing principles. He invests his personal money — where appropriate — in the same investments as those presented to investors. He upholds the Code of Ethics and Professional Responsibility as established by the Certified Financial Planner Board of Standards, Inc.

“In 1983, Mr. Morrison established his own firm to provide financial planning, tax and investment advisory services.”

Thomas A. Morrison, CPA, CFP® Business & Educational Background

Thomas A. Morrison, President of Morrison Financial Services, Ltd., was born on November 2, 1948. His educational and examination background is as follows:

1971	Bachelor of Business Administration degree from Temple University, Philadelphia, Pennsylvania. Alumnus of Beta Alpha Psi (National Honorary Accounting Fraternity).
1972	Certificate of completion of one year Bible Study Program at Emmaus Bible School.
1975	Registered by the University of Illinois as a Certified Public Accountant (CPA).
1983	Insurance Registration as a broker for life, disability and health products.
1985	Registered Investment Advisor with the Illinois Department of Securities.
1987	Certified Financial Planner (CFP®) designation received and member of the Registry of CFP Licensed Practitioners.
1990	Morrison Investments, Inc. was established as a SEC registered broker dealer and a member of FINRA and SIPC.

Security registrations with the Financial Industry Regulatory Authority (FINRA) are as follows:

<u>Year</u>	<u>Series #</u>	<u>Registration Description</u>
1983	6	Investment Company Products
1983	22	Direct Participation Programs
1983	63	Uniform Security Law (Blue Sky)
1986	7	General Securities
1987	24	General Securities Principal
2002	51	Municipal Securities (Section 529)

Mr. Morrison worked his way up to supervisor with an international CPA firm during the period 1973 to 1976. From 1976 through 1982 he provided financial, accounting and tax advice for several smaller businesses, and during the period 1978 until 1982, he was a trustee of a corporate retirement plan for which he provided investment advice and direction for that plan. In 1983, Mr. Morrison established his own firm to provide financial planning, tax and investment advisory services.

Mr. Morrison is a member of the Financial Planning Association (FPA), formerly known as the International Association for Financial Planning (IAFP), and the Institute of Certified Financial Planners (ICFP).



Our Method:

➤ **What method of analysis do you use to analyze investments?**

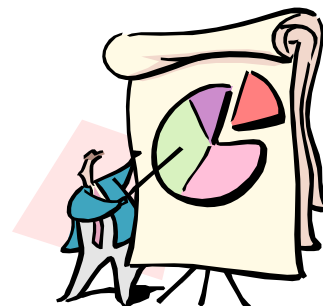
We are primarily **long-term** (defined as 5 years or more), investment advisors. We do not provide day-to-day technical analysis of the markets. However, when appropriate, we recommend services which can provide day-to-day stock market technical analysis. We take a fundamental approach which includes an overview of long term economic conditions; an investment manager's style (value versus growth), fund objective, past performance and current investment analysis; over-all risk analysis; asset mix and allocation (diversification); industry outlook; cash flow; tax consequences; internal expenses; market capitalization; price-to-earnings ratios; price-to-book ratios; and more.

We continuously monitor a mutual fund manager's risk-adjusted performance using the services provided by Morningstar – the largest and most recognized independent mutual fund service available.

Our review consists of monitoring statistics related to "Alpha" (how well the fund has performed relative to the volatility risk of the fund); "BETA" and "Standard Deviation" (measures of a fund's volatility over time); Price-to-Book and Price-to-Earnings ratios (valuation issues); and more. We use these factors in association with other criteria and services to select our initial and ongoing ranking of managers and mutual funds.

➤ **Does Morrison Financial Services, Ltd. ever have discretionary authority over its client's securities?**

Only if a Client signs a MAP Advisory Agreement with Morrison Financial Services, Ltd. will a limited Power of Attorney be established. Investor's checks for the purchase of securities are always payable directly to the security, or their custodian, or to the investor's brokerage account. On investment sales, money goes directly to the investor.

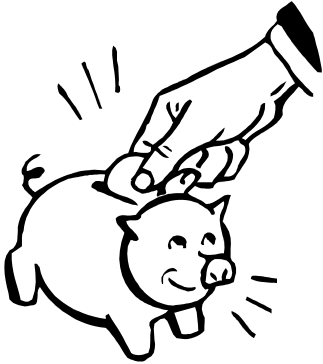


Our Time & Income:

➤ **Since we are interested in a full time professional advisor, could you estimate (a) how you spend your time and (b) the combined sources of your business income?**

- (a) 100% of our time is related to providing investment, tax or financial advice, and related financial services.
- (b) For 2008, the combined sources of business income for Morrison Financial Services, Ltd. (Registered Investment Advisor), and Morrison Investments, Inc. (FINRA Broker/Dealer) was as follows:
- 6% • Fees for furnishing financial advice related to financial analysis, retirement analysis, income and estate tax advice, tax preparation services, plus other financial advisory services (Note: This percent is substantially lower than actual time spent providing these services, as commissions – in many situations – have been used to offset fees normally associated with these services.)
 - 70% • Fees related to investment supervisory services (includes mutual fund monitoring and service fees; MAP services; asset management services; and asset allocation timing fees)
 - 24% • Commissions on the implementation of new investment recommendations
 - <1% • Commissions on the implementation of life insurance recommendations

*“We are primarily **long term** (defined as 5 years or more), investment advisors.”*



All prospective financial planning/investment advisory clients receive a **free initial consultation**.

Your Cost:

- **How much do you charge for your services?**
A **free initial consultation** is provided to prospective financial planning/investment advisory clients. The goal of this meeting is for us to assess your concerns, and for you to become familiar with the services we provide. Tax and financial analysis only services are billable starting with the first hour.

Payment for our advice or services will be made in one of the following ways: **commissions, fees, or a combination thereof**. The methods are:

1. **Commissions:** from products purchased through Morrison Investments, Inc. (MII), an affiliated investment product company. There are **never any fee billings** on commissionable products purchased through MII. MII provides complete servicing and monitoring of all securities offered through that firm; and/or

2. **Fees:** Hourly billable fees for financial analysis are typically **eliminated** if an investor purchased investment products through Morrison Investments, Inc. You would be informed before work was performed if there was to be a billing. Most financial plans/recommendations we provide are not billed.
3. MAP is a fee-for-service plan (\$250,000 investment minimum) for those who do not wish to incur sales charges or commissions related to their investment activity with Morrison. **MAP fees do not apply to investments purchased through Morrison Investments Inc.**

Our **hourly billing rates** are as follows: \$180.00 for Thomas A. Morrison, \$110.00 for Karma A. Otten. Billing is **only** incurred when the analysis being provided has nothing to do with the recommended investment program.

What Next?:

- **If I/we use Morrison Financial Services, Ltd. to develop a financial analysis with specific products, are we obligated to purchase the recommended products?**
Absolutely not! In fact, you are encouraged to shop around for the best available products or sources to obtain your products.
- **Do you guarantee investment performance?**
No!

- **Will client information be kept confidential?**
Yes! It is the law.
- **How do I/we get started?**
Contact us at the phone number to the left; tell us what you wish to accomplish, and find out if we can be of assistance to you. We look forward to hearing from you!



620 W. Roosevelt Road
Suite C2
Wheaton, IL 60187
Phone: 630-752-1155
Fax: 630-752-1198
Email: Morrison@
mfsadvisor.com
Website:
www.MFSAdvisor.com