Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Financial Designs, Inc. (hereinafter "FDI" or "firm" or "we"). If you have any questions about the contents of this brochure, please contact us at (952) 843-0300 or at laurie@fdi-online.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about FDI is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for FDI is 115270. Registration with a state regulatory body does not imply any level of skill or training.

Item 2. Summary of Material Changes

Since our last filed Form ADV, we have updated Item 4 to disclose that we are no longer accepting new clients, and have begun to transfer clients to another registered investment adviser, as part of a multi-year wind-down of the firm. We have also updated Item 10 to disclose our relationship with this RIA.

On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted changes to Form ADV, Part II. All fifty states have also adopted the new format, with some additional state-specific disclosures mandated. The new Part 2, also known as the "Brochure" has 18 separate items that our firm must address (19 for state-registered advisers), each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current (updated) Form ADV, Part 2 will be available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

Item 3. Table of Contents

Item 4. Advisory Business

FDI is a fee-based investment adviser registered with the states of Minnesota with its principal place of business located in Minneapolis, Minnesota. Our firm has been in business since 1992, with Laurie I. Laner, President and Treasurer, and Judith A. Bills, Vice President and Secretary, as direct owners.

In early 2020, we entered an agreement with an independent registered investment adviser, Flourish Wealth Management, under which we will begin to assign our clients to Flourish, with the client's affirmative consent, over a period of time. Due to this agreement, FDI is no longer accepting new clients.

Financial Planning Services

Our financial planning service is divided into two clear parts: the initial financial plan and the ongoing annual services.

Financial Planning Service – Initial Plan

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern:

- Personal: Family records, financial values and money history, specific goals.
- Employee and executive benefits: group plans, deferred compensation, qualified and non-qualified pension, SERP, stock options, restricted stock, and other executive-only plans.
- Catastrophic protection and liability: Insurance programs inclusive of health, disability, life, long term care, personal liability.
- Death and disability: cash needs at death, income needs of surviving dependents, estate planning and disability income analysis, transition and distribution of wealth, charitable giving.
- Cash Flow: spending analysis and planning for past, current and future years; savings goals and strategy; present day compared with post-retirement cash flow needs; debt management.
- Retirement: Analysis of current strategies and savings/investment plans, scenarios assessing risks/rewards of different decision paths.
- Education: 529/state savings plans, Education IRAs, financial aid, grants and general assistance in preparing to meet dependent's continuing educational needs through development of an education plan

- Income Taxation: current income tax and future tax liability, integration with cash flow management, tax minimization.

- Investments: Analysis of investment alternatives and their effect on a client's portfolio, required rate of return net of inflation to achieve goals.

We gather required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. We carefully review related documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should a client choose to implement the recommendations contained in the plan, FDI suggests the client work closely with his/her attorney, accountant, insurance agent, investment advisor and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Our financial planning recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. All recommendations are of a generic nature.

On-Going Services

A client can participate in our Annual Retainer Program in one of two ways:

1. Combination of ongoing financial planning and portfolio management services

Or

2. Portfolio management services only

1. Integrated Financial Planning and Portfolio Management Services

After we complete and deliver a financial plan, clients may also choose to enter into an annual retainer service with us which provides on-going integrated financial planning and portfolio management services. Included in this service is one FDI/client conference scheduled each year to review the client's account in person or two semi-annual conferences for more complex circumstances and/or the inclusion of executive benefits programs. Additional in-person meetings may be scheduled depending on a client's particular situation.

The financial planning retainer agreement is based the services, time needed to deliver, and complexity level involved. Review meetings will be conducted at least one time per year to address, but not limited to:

- Goal monitoring and updating
- Cash flow planning and debt management
- Insurance programs and liability management
- Retirement planning
- Investment allocation
- Education funding
- Income tax planning and management

- Executive benefits strategies (deferred compensation, restricted stock, stock options, etc.)
- Employee benefits
- Estate planning
- Charitable giving
- Special needs funding

2. Portfolio Management/Asset Allocation Services

Clients may select the annual retainer service for portfolio management/asset allocation services integrated with ongoing financial planning services or as a standalone service without ongoing financial planning.

We manage investment advisory accounts not involving Investment Supervisory Services through the use of asset allocation portfolios. Each portfolio is designed to meet a particular investment goal of the individual client. We will manage these advisory accounts on a discretionary basis only. In other words, we will implement trades for client accounts without seeking prior client consent on a trade-by-trade basis.

Through personal discussions with the client in which the client's goals and objectives are established, we will construct an asset allocation portfolio suitable to the client's circumstances. Generally, a client's portfolio will benchmark specific global indexes and contain “no-load” or “load-waived” shares of registered open-end investment companies ("mutual funds"). However, depending on the client's specific needs, a portfolio may also contain equities, fixed income instruments, and Exchange Traded Funds (ETFs). Clients will have the opportunity to place reasonable restrictions on the types of investments to be held in the client's account and account supervision will be guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients will retain individual ownership of all securities.

We will monitor Portfolio Management Services accounts on a non-continuous, quarterly basis and, if the portfolio's allocation has diverged from the target proportions, will rebalance as appropriate, pursuant to the discretionary authority granted to our firm by the client. If a client's portfolio remains in sync with the selected global benchmarks, the allocation will not be changed.

Changes in a client's portfolio allocation strategy are only triggered by life-changing events such as retirement, inheritance, death in the family, or a different view on risk tolerance.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company.

See fee section for more detail on portfolio management service factors.

Speaking Engagements

Our firm conducts speaking engagements and education workshops presentations on various investment topics including technical portfolio analysis. The investment information provided under this service is not intended to meet the objectives or needs of each individual client. The seminars will provide participants with general discussions on asset allocation strategies, estate and retirement planning, and general educational topics. Our seminars are open to the public.

Assets Under Management

As FDI does not provide continuous investment advisory services, we do not have any regulatory assets under management. As of December 31, 2019, our firm provides financial planning on net worth's of $169,000,000 of which our firm's discretionary, non-continuously supervised advisory assets were $108,500,000

Item 5. Fees and Compensation

Financial Planning Service – Initial Plan

We charge our financial planning fees in one or both of two ways:

1. As a fixed fee, typically ranging from $4,000 to $20,000.

2. On an hourly basis, ranging from $35 to $500 per hour. If appropriate, we will determine an estimate for total hours at the start of the advisory relationship. We will charge a typical client $35 per hour for administrative work, $125 to $150 per hour for staff planning tasks and higher level administrative work, and $400 to $500 per hour for advice and presentations from the planner.

Flat Fees Examples:

We use several factors in establishing our fee. We assess the level of complexity, number of hours for research/plan design, meeting time, anticipated discussion between meetings and revisions. As an example, clients receiving this service would be charged as follows:

Price	Plan Research and Preparation	Meeting Hours	Number of Meetings
$4,000 - $10,000	15 to 40 hours	4 to 10	2 to 5 meetings
$10,000 - $20,000	35 to 55 hours	8 to 14	4 to 7 meetings
$20,000 - $30,000	50 to 100 hours	10 to 20	5 to 10 meetings

A client's actual financial plan preparation may take more or less time than depicted above, resulting in FDI charging an amount higher or lower than shown in the example above.

We may request an advance retainer upon completion of our fact-finding session with the client, however, advance payment will never exceed $500 for work that will not be completed within six months. The balance will be due upon completion of the plan or consulting service.

The length of time it will take to provide a financial plan will depend on each client's personal situation. Typically, however, we will present the financial plan to the client within 90 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the client.

Integrated Financial Planning and Portfolio Management – Annual Retainer

We will charge an annual fixed fee for this service, ranging from $5,000 to $40,000, based on the complexity of a client's needs, aggregated assets and the number of hours required to service the account.

We will quote the exact fee to the client prior to the execution of the advisory agreement.

Because there are some overlaps and synergies between ongoing financial planning and portfolio management services, the portfolio management service is discounted versus working with FDI for just portfolio management only.

We employ a three evaluation methods that are wrapped together to arrive at our fee:

1. Historical precedence for hours involved for servicing similar type clients and asset bases
2. Estimation of what the perceived work, hours projected, and expertise required will be
3. A percentage of net worth integrated with a percentage of investment assets to be used as a guideline

<u>Flat Fees Examples:</u>

As an example, clients receiving integrated financial planning and portfolio management services, we consider the time (1) and expertise (2) involved in the financial planning component plus the qualitative and quantitative (3) factors of the net worth and portfolio.

<u>For the financial planning component, we would be charged as follows:</u>

<u>#1 and #2 from evaluation methods:</u>

Price	Hours for Review, Preparation Meetings and Follow-Up	Total Hours Spent Per Year
$4,000 - $10,000	10-30 hours; 1-2 meetings	15-30 hours
$10,000 - $20,000	30-70 hours; 2-5 meetings	30-60 hours
$20,000 - $30,000	30-85 hours; 4-7 meetings	55-85 hours
$30,000 - $40,000	70-90 hours; 6-12 meetings	80-125 hours

<u>#3 from evaluation methods:</u>

Net Worth Not including managed portfolio	Percent	Annual Fee Range
$0 to $1,000,000	.20% to .40%	$2,000 to $4,000
$1,000,001 to $2,000,000	.20% to .40%	$2,000 to $8,000
$2,000,001 to $3,000,000	.15% to .30%	$9,000 to $19,500
$3,000,001 to $4,000,000	.15% to .25%	$12,000 to $24,000
$4,000,001 to $5,000,000	.35% to .55%	$14,000 to $27,500
$5,000,001 to $6,000,000	.30% to .50%	$15,000 to $30,000
$6,000,001 to $8,000,000	.30% to .45%	$18,000 to $36,000
$8,000,001 to $10,000,000	.25% to .40%	$20,000 to $40,000
Above 10,000,000		Negotiable

Then, we factor in the client needs for portfolio management, discounting highly the portfolio management. See next section on portfolio management.

Our view is that financial planning done well over time includes portfolio management. Financial planning is not an added service that is provided to portfolio management.

A client's actual financial planning and portfolio management may take more or less time than depicted above, resulting in FDI charging an amount higher or lower than shown in the example above.

We may request an advance retainer upon completion of our fact-finding session with the client, however, advance payment will never exceed $500 for work that will not be completed within six months. We will then directly debit or invoice the remaining balance in advance, in equal quarterly installments.

<u>Portfolio Management/Asset Allocation Services</u>

We will charge an annual fee for portfolio management/asset allocation services as a fixed fee based on the complexity of a client's aggregated assets and number of hours required to service the account, according to the qualitative factors and quantitative schedule which follow:

<u>Qualitative</u>:

- Number of accounts and how many different types as well as number of custodial relationships
- Number of employer-provided plans as well as breadth of executive plans
- Number of individual stocks and bonds as well as limited partnerships to integrate
- Growth or income producing strategy
- Gifting, charitable donations, required minimum distributions, other withdrawal types
- Manual versus downloadable information
- Income-tax sensitivity, pre-tax and/or after-tax contributions, Roth conversions
- Trust administration and/or working with a trustee

<u>Quantitative</u>:

Assuming portfolio management only, not integrated with financial planning service:

Portfolio Size ($)	Percent	Annual Fee Range
$0 to $1,000,000	.80% to 1.00%	$4,000 to $10,000
$1,000,001 to $2,000,000	.75% to .90%	$7,500 to $18,000
$2,000,001 to $3,000,000	.70% to .80%	$14,000 to $24,000
$3,000,001 to $4,000,000	.65% to .70%	$19,500 to $28,000
$4,000,001 to $5,000,000	.60% to .65%	$24,000 to $32,500
$5,000,001 to $6,000,000	.55% to .65%	$27,500 to $39,000
$6,000,001 to $8,000,000	.45% to .60%	$27,000 to $48,000
$8,000,001 to $10,000,000	.35% to .55%	$28,000 to $55,000
Above 10,000,000		Negotiable

Although our fee does increase as the account value increases, the increased fee is derived from the growing issues and concerns that generally accompany larger asset bases.

If a portfolio management client was previously a financial planning client, the set up process fee will be waived. We will charge new portfolio management clients a set-up fee ranging from $1,000 to $5,000 for the time spent by our firm in establishing the goals, objectives, time frames, and risk tolerance of the client.

We may request an advance retainer upon completion of our fact-finding session with the client, however, advance payment will never exceed $500 for work that will not be completed within six months. We will then directly debit or invoice the remaining balance in advance, in equal quarterly installments.

<u>Example of Retainer Fees:</u>
All 3 Sample Clients Have $2,500,000 Portfolio

<u>Client A - Fee $20,000</u>

Financial Planning: income tax planning for multiplicity of accounts and inheritances – including tax pro forma to test out different scenarios, segregation of assets for how estate distribution strategy is designed, charitable remainder trust to terminate in 12 more years, health issues to impact longevity, adult children's needs still need to be considered, semi-retirement mode, little employee benefit analysis.

Portfolio Management: $2,500,000 divided into 6 accounts, 2 of which are different types of trusts. 4 different and distinct investment strategies that roll up into one overall strategy. A predictable stream of income needs to be generated from the portfolio and tax consequences are regularly being considered. Required minimum distributions will start in the next few years which further increases the complexity of the investment strategy.

<u>Client B – Fee $15,000</u>

Financial Planning: income tax planning important for very high income earners but no tax pro forma needed for scenario planning, retirement income projections every 2 years because still in accumulation mode, children's education funding is already taken care of, parents are not dependent on the couple, employee benefit packages are above average in complexity, estate plan is now streamlined and only needs annual review.

Portfolio Management: $2,500,000 divided into 6 accounts, all of which are revocable trusts or IRAs and do require any special trust administration or investment strategy. Investment strategy is capital appreciation, no income needed from portfolio, although more monies are being added annually.

<u>Client C – Fee $12,000</u>

Portfolio Management Only: $2,500,000 divided into 6 accounts, all of which are revocable trusts or IRAs and do require any special trust administration or investment strategy. Investment strategy is capital appreciation, no income needed from portfolio, although more monies are being added annually.

<u>Speaking Engagements</u>

We will charge fees for this service in one or both of two ways:

1. As a fixed fee, typically ranging from $2,500 to $15,000 per day

2. On an hourly basis, ranging from $50 to $500 per hour. If appropriate, we will determine an estimate for total hours at the start of the advisory relationship.

Preparation and research, travel and speaking time are factored into the fee calculation. Cost of each engagement depends on the complexity of the subject matter discussed, amount of research needed, speaking time, and travel, if required.

Flat Fees Examples:

As an example, clients receiving this service would be charged as follows:

Administrative costs to prepare presentation materials will be charged at $50 per hour. Presentations that do not require any preparation and do not include any additional expenses will be charged at the rate of $500 per hour. All-day on-site presentations on the more standard financial planning topics such as key considerations for retirement and estate planning will be charged at the rate of $2,500 per day. All-day on-site presentations geared to a more targeted audience such as higher level executives and requiring a higher level of expertise on topics such as integration of types of stock options exercising with deferred compensation usage and the impact on income taxation and retirement planning will be charged at $15,000 per day. These rates do not include expenses, preparation time, or travel costs.

We will invoice clients for these fees after the completion of the speaking engagement.

Fees in General

Depending on the particular arrangement with each client, we will either invoice clients or directly debit their custodial accounts.

If substantial work evolves over and beyond what is covered by the agreed-upon fee quote, then FDI and client may need to re-negotiate the fee to cover the additional work.

Fees and account minimums for all services are negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, competitive considerations, etc.). Discounts, not generally available to our advisory clients, may be offered to family members and friends.

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee.

Certain legacy client agreements may be governed by fee schedules different from those listed above.

Under no circumstances will we earn fees in excess of $500 more than six months in advance of services rendered.

Account Termination

Clients 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 us with a 30-day written notice at our principal place of business.

Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Mutual Fund and EFT Fees and Expenses: All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund or and ETF directly, without the services of our firm. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which mutual fund or funds or ETFs are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and ETFs and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Brokerage and Custodian Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, and custodian fees incurred as part of their account management. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices.

Additional Compensation Received by Us

Laurie Laner, in her individual capacity as a former insurance agent, may continue to receive commission trails from insurance products sold in the past. However, Ms. Laner no longer sells insurance products of any kind.

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

We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Our firm generally provides advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

We impose the following minimum annual fees:

Service	Minimum Fee ($)
Integrated Financial Planning and Portfolio Management	$5,000/year
Portfolio Management	$4,000/year
Speaking Engagements	$500/hour with 1.5 hour minimum

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

While we primarily rely on fundamental analysis, we also give consideration to technical aspects of a particular investment in relation to its economic environment, cyclical position and its suitability to the particular client. We review fundamentals, industry background, tax law, securities regulations, and economic rate of return analysis.

Clients should be aware of the following risks associated with each type of analysis we rely on:

Fundamental Analysis: Fundamental analysis of a business involves analyzing its income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis school of thought maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mispriced security and then waiting for the market to recognize its "mistake" and re-price the security. However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Technical Analysis: Technical analysis seeks to identify price patterns and trends in financial markets and attempt to exploit those patterns. We follow and examine such indicators as price, volume, moving averages of the price and market sentiment. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical analysis: Cyclical analysis concentrates on business cycles as well as asset market cycles, examining alternating phases of rises (expansion) and falls (contraction) in volumes, prices and returns. Since cyclical analysis is based on examination of rising and falling trends, investors bear risk of mistiming, with a specific trend lasting longer or shorter than expected.

Mutual fund and/or ETF analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

Asset Allocation: We attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Our firm employs the following investment strategies to implement investment advice given to clients:

Long-term purchases: We mostly purchase securities with the idea of holding them in the clients account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: At times, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Margin transactions: We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a “margin call”, and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

Item 9. Disciplinary Information

Our firm has no reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Neither our firm nor our employees engage in any other financial industry activities.

Beginning in 2020, we entered into a relationship with another independent registered investment adviser, Flourish Wealth Management (“Flourish”). Under this agreement, FDI will transfer a number of client accounts to Flourish on a regular basis, over a period of time. Clients will enter into new a new agreement with Flourish, to comply with the anti-assignment provisions in the Adviser’s Act. FDI has received compensation for this arrangement. Until the time of transfer, FDI will continue to provide advisory services to our clients, upholding our fiduciary duty.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

Our firm or individuals associated with our firm may buy or sell securities identical to those recommended to or purchased for customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1) No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our firm may prefer his or her own interest to that of the advisory client.

2) It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

3) We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations.

4) We do not allow employee trades to be aggregated with client trades.

5) We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.

6) All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

7) Any individual not in observance of the above may be subject to disciplinary action or termination.

Item 12. Brokerage Practices

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

Our firm endeavors to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help us in providing investment management services to clients. We may, therefore recommend or select a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Our firm participates in the Schwab Institutional (SI) services program offered to independent investment advisers by Charles Schwab & Company, Inc. ("Schwab"), a FINRA-registered broker dealer. Clients in need of brokerage and custodial services may have Schwab recommended to them. As part of the SI program, our firm receives benefits that it would not receive if it did not offer investment. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SI participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client account; access, for a fee, to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in the SI program may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, Charles Schwab & Co., Inc. Participation in the SI program results a potential conflict of interest for our firm, as the receipt of the above benefits creates an incentive for us to recommend Schwab to clients.

Nonetheless, we have reviewed the services of Schwab and recommend the services based on a number of factors. These factors include the professional services offered, commission rates, and the custodial platform provided to clients. While, based on our business model, we will not seek to exercise discretion to negotiate trades among various brokers on behalf of clients, we will, however, periodically attempt to negotiate lower commission rates for our clients with Schwab.

<u>Trade Aggregation</u>

As a matter of policy and practice, our firm does not generally block client trades and, therefore, implements client transactions separately for each account. Due to this practice, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers to block client trades.

Item 13. Review of Accounts

<u>Initial Financial Planning</u>

<u>Reviews</u>: We will not conduct any ongoing reviews of these client accounts after the delivery of the financial plan unless otherwise contracted for at the inception of the advisory relationship.

<u>Reports</u>: These clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for at the inception of the advisory relationship.

<u>Ongoing Integrated Financial Planning and Portfolio Management Services</u>

<u>Reviews</u>: These review meetings are conducted by Laurie Laner, President of FDI at least one time per year. Because any comprehensive plan is based on future expectations, all components of the original plan will be updated and revised with life changes, investment results, tax law revisions, and global events. Each review meeting may emphasize different facets of the financial planning process depending on what is transpiring in each client's life and/or what is needed from a financial planning perspective.

<u>Reports</u>: Each review meeting will include an annual or semi-annual update of financials and whatever illustration is important at that juncture of the client's life.

Portfolio Management/Asset Allocation

Reviews: These accounts are reviewed on a quarterly basis by Laurie Laner, President of FDI. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark.

Reports: In addition to the monthly statements and confirmations of transactions that these clients receive from their broker dealer and/or custodian(s), we will provide quarterly reports summarizing account performance, balances and holdings as well as cost basis and income tracking as needed or at year-end.

Item 14. Client Referrals and Other Compensation

Our firm does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

In 2015 only, FDI received a special economic benefit from Schwab to support the firm as a reimbursement for some expenses incurred. This one-time benefit did not represent a conflict of interest nor was it based on giving particular investment advice or buying any particular security.

Item 15. Custody

Although neither our firm nor its related persons have physical or constructive custody of client funds, we urge all of our management clients to carefully review and compare their quarterly reviews of account holdings and/or performance results to those they receive from their custodian.

Our firm maintains a list of all client accounts for which the firm has possession of log-in credentials. These accounts are subject to an annual surprise examination by a PCAOB-certified CPA. This examination will result in a report, which will be submitted as our Form ADV-E within 120 days of the examination.

Item 16. Investment Discretion

For clients granting us discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), we request that such authority be granted in writing, typically in the executed advisory agreement.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

Item 17. Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do, however, offer consulting assistance regarding proxy issues to clients if such assistance is sought by a client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18. Financial Information

Under no circumstances will we earn fees in excess of $500 more than six months in advance of services rendered.

Item 19. Requirements for State-Registered Advisers

None of our employees is involved in any outside business activities.

Education and business backgrounds of our firm's principal executive officers and management persons can be found in the Supplement to this Brochure (Part 2B of Form ADV Part 2).

Part 2B of Form ADV: *Brochure Supplement*

Laurie I. Laner
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Suite 107
Minneapolis, MN 55416

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5401 Gamble Drive
Suite 107
Minneapolis, MN 55416

Telephone: (952) 843-0300

This brochure supplement provides information about Laurie Laner that supplements the Financial Designs, Inc. brochure. You should have received a copy of that brochure. Please contact Laurie Laner if you did not receive our brochure or if you have any questions about the contents of this supplement.

Item 2. Educational Background and Business Experience

Laurie I. Laner, President and Treasurer

Year of Birth: 1954

Education:

Laurie Laner graduated from Macalester College with a B.A. degree in 1976.

Business Background:

Financial Designs, Inc., President and Treasurer from 07/1992 to Present
Laner Fincham Financial Services, Vice President from 01/1990 to 05/1992
Swenson Anderson Associates, Financial Advisor from 08/1988 to 12/1989

Professional Designations:

Ms. Laner has earned the Certified Financial Planner (CFP) designation from the College of Financial Planning in 1992. The CFP designation is a professional certification mark for financial planners conferred by the Certified Financial Planner Board of Standards, Inc. (CFP Board) in the United States. To receive authorization to use the designation, the candidate must meet education, examination, experience and ethics requirements, and pay an ongoing certification fee. To fulfill the education requirement, students are required to complete course training in various topic areas and sit for the ten hour CFP Board Certification Examination. A bachelor's degree (or higher), or its equivalent in any discipline, from an accredited college or university is required to attain CFP certification.

Item 3. Disciplinary Information

Laurie Laner does not have any history of reportable disciplinary events.

Item 4. Other Business Activities

Laurie Laner is not currently involved in any outside business activities.

Item 5. Additional Compensation

Laurie Laner does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

Item 6. Supervision

As owners of FDI, Laurie Laner and Judith Bills are jointly responsible for all employee supervision. They can be reached at (952) 843-0300. Laurie Laner is responsible for formulation and monitoring of investment advice offered to client, documenting investment meeting deliberations, overseeing all material investment policy changes, and conducting periodic testing to ensure that client objectives and mandates are being met. Ms. Laner and Ms. Bills review all employee personal securities transactions on a quarterly basis and determine the general business strategy of the firm.

Part 2B of Form ADV: *Brochure Supplement*

Judith A. Bills
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This brochure supplement provides information about Judith Bills that supplements the Financial Designs, Inc. brochure. You should have received a copy of that brochure. Please contact Laurie Laner if you did not receive our brochure or if you have any questions about the contents of this supplement.

Item 2. Educational Background and Business Experience

Judith A. Bills, Vice President and Secretary

Year of Birth: 1960

Education:

Ms. Bills graduated from the Alexandria Vocational School, Alexandria, Minnesota in 1979

Business Background:

Financial Designs, Inc., Vice President from 06/2002 to Present, Manager from 06/1998
ING Financial Partners, Inc., Registered Representative from 01/2004 to 02/2007
Locust Street Securities, Inc., Registered Representative from 09/2002 to 01/2004

Item 3. Disciplinary Information

Judith Bills does not have any history of reportable disciplinary events.

Item 4. Other Business Activities

Judith Bills is not currently involved in any outside business activities.

Item 5. Additional Compensation

Judith Bills does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

Item 6. Supervision

As owners of FDI, Laurie Laner and Judith Bills are jointly responsible for all employee supervision. They can be reached at (952) 843-0300. Laurie Laner is responsible for formulation and monitoring of investment advice offered to client, documenting investment meeting deliberations, overseeing all material investment policy changes, and conducting periodic testing to ensure that client objectives and mandates are being met. Ms. Laner and Ms. Bills review all employee personal securities transactions on a quarterly basis and determine the general business strategy of the firm.