

# KEATS CONNELLY



ENRICHING YOUR CROSS-BORDER LIFESTYLE

**November 23, 2020**

## **KeatsConnelly Services**

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### **Firm Brochure Form ADV Part 2A**

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## Summary of Material Changes

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We have the following material changes to report since the last annual filing of this Firm Brochure:

1. We no longer offer investment management or tax services. We offer financial planning, consulting, adviser referral and educational seminar services.
2. As of January 31, 2020, Robert F. Keats is the Chief Executive Officer and Chief Compliance Officer of Keats, Connelly and Associates, LLC.

This Brochure provides information about the qualifications and business practices of Keats, Connelly and Associates, LLC and Keats, Connelly and Associates, Inc (hereinafter “KeatsConnelly” or “Adviser”). If you have any questions about the contents of this Brochure, please contact us. Our Chief Compliance Officer is Bob Keats, who can be reached at (602) 955-5007 or at [BobK@keatsconnelly.com](mailto:BobK@keatsconnelly.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. Registration of a Registered Investment Advisor (RIA) or Investment Advisor Representative (IAR) does not imply a certain level of skill or training.

Additional information about Adviser is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique qualifying number, known as a CRD number. The CRD number for KeatsConnelly is 148884.

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## **Item 4: Advisory Business**

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### **Introduction – Who We Are**

Keats, Connelly and Associates, Inc (Formerly Keats, Connelly and Associates, is a state-registered investment adviser located in Phoenix, Arizona. We have been providing advisory services since 1990. KeatsConnelly is a “fee--for-service” financial services firm. “Fee-for-service” means that we do not accept remuneration in any form, other than the fees we charge directly to our clients and referral fees for investment management and tax preparation from approved firms. KeatsConnelly is not a law firm, investment management firm, tax preparation firm or a public accounting firm. We do not give legal advice. Any opinions we give as part of our review and analyses do not constitute legal advice. You will need to contact an attorney for such advice.

As we do not manage client assets, we have no *regulatory assets under management* to report.

KeatsConnelly’s principal shareholder is Keats Connelly and Associates, Inc. Robert F. Keats indirectly owns 100% of KeatsConnelly through Keats Connelly and Associates, Inc.

### **KeatsConnelly Mission Statement – Why We Exist**

Our mission is to help individuals from the US and Canada determine and achieve their financial and cross-border lifestyle goals through our role as independent and trusted financial counselors who provide personalized service with uncompromising integrity.

### **Our Vision Statement – What We Strive For**

Our vision is to enrich the lives of our clients and our people and to have a positive impact on our community, profession and workplace.

## **KeatsConnelly Services**

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KeatsConnelly provides services that support a Canadian and US cross-border lifestyle. The services offered to each client are matched to fulfill the client's goals and objectives as well as their individual service needs.

Our services are intended to help support an individual or family preparing for a move to the US or Canada or with cross-border financial needs. KeatsConnelly assists in analyzing diverse options for a cross-border lifestyle and works to identify and minimize the financial setbacks typically inherent with such a lifestyle. The services help our clients plot a course through the complexities of living a cross-border lifestyle so that you may enjoy the best options both countries have to offer. Laws are different, taxation needs to be considered, financial and estate issues must be addressed, and immigration options often need to be evaluated. These areas need to be well coordinated to ensure a successful move.

The KeatsConnelly services consist of many different options to meet our clients' needs. We offer services for both US residency and Canadian residency when living a cross-border lifestyle. The services consist of, but are not limited to, preparing for a move from Canada to the US or from the US to Canada, planning services for a Canadian citizen living in the US or a US citizen living in Canada, implementation assistance for strategies that are developed in a cross-border financial plan, ongoing monitoring and maintenance. We also focus on planning services for cross-border business and trust structures.

As a client of KeatsConnelly, you will work with an experienced cross-border financial professional. We will help guide you through the challenges of living a cross-border lifestyle. You will work directly with a financial professional that will become your family's wealth strategist by being your main point of contact who will help you coordinate any other professional services needed to support your lifestyle. Our KeatsConnelly financial professional is a credentialed and experienced cross-border specialist whose top priority is serving your specific financial planning needs.

### **Financial Planning Services**

We provide financial planning services. 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. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

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

Net Worth and Cash Flow Reports
Immigration Planning and Coordination
Assistance with Understanding Taxation Rules
Income Tax Analysis and Tax Reduction Strategies
Cross-Border and Domestic Estate Planning
Planning for Health Care Coverage Needs
Retirement Planning Strategies
Foreign Exchange Strategies
Cost of Living Analyses
Cash Flow Planning
Foreign Real Property Strategies
Education Planning
Risk Management
Implementation Assistance
Monitoring and Maintenance Services
Tax and Ownership Strategies for Private Business
Executive Compensation and Stock Option Planning
Custom Consultations
Legacy Planning and Family Wealth Education
Coordinating Trust and Family Entity Administration
Estate Administration
Providing Family Office Support

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. If appropriate, we may refer the client to a third-party manager. Implementation of financial plan recommendations is entirely at the client's discretion.

Typically, the financial plan is presented to the client within 90-120 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

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.

While these are listed as the services that are provided, one of the most essential elements of working with KeatsConnelly is the guidance and support for you and your family provided by our trusted professional who is knowledgeable about Canadian and US cross-border wealth management complexities and who can continue to serve you and your family to ensure your family's financial security, to help you live your chosen lifestyle, and legacy.

### **Selection of Other Advisers**

Our firm acts as a solicitor on behalf of various independent registered investment advisers ("Independent RIA"). Following the initial introduction to the Independent RIA, the Independent RIA, not our firm, will act as investment adviser to your advisory account(s). Therefore, you will execute a separate advisory agreement with the Independent RIA. Our firm will not have any continuous monitoring or advisory obligations for your accounts after the initial referral is made.

*We do not represent that the Independent RIA will provide the highest performance or the lowest cost in providing such services. We make no representation, express or implied, as to the quality of the services to be provided by the Independent RIA to you. You may be able to obtain the advisory services of the Independent RIA without our referral and pay the Independent RIA's advisory fees higher or lower than those available to you through our referral.*

### **Educational Seminars**

Our firm can sponsor educational seminars on various investment topics including cross-border lifestyle topics consisting of, but not limited to, preparing for a move from Canada to the US or from the US to Canada, planning services for a Canadian citizen living in the US or a US citizen living in Canada, implementation assistance for strategies that are developed in a cross-border financial plan, ongoing monitoring and maintenance. The investment information provided in these seminars does not purport to meet the objectives or needs of each individual client.

### **Consulting Services**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting 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.

## Item 5: Fees and Compensation

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### Financial Planning Services Fees

The fees for most of the Financial Planning Services are fixed in advance, normally charged 50% up front, with the remaining 50% charged upon completion of services. Some additional services can be provided on a quarterly basis.

The KeatsConnelly fees for Client Services are retainer-based fees. There is no minimum fee, though the determined fee may be adjusted upwards or downwards if complexities of the client or family situation is significantly different than what was represented when KeatsConnelly prepared a fee quote. Also, if services are required that are outside of the scope of services described in the contract for Client Services, then either the client's fee shall be adjusted upward or downward, or a separate fee shall be charged, for the additional service to be rendered.

The charges for Financial Planning Services are fixed cost services and vary based on:

- The time and effort required, the nature, number and complexity of the issues involved and services chosen by the client to address, and the skill required to perform KeatsConnelly services
- The nature and longevity of the professional relationship of KeatsConnelly with a client including the use of other advisory services
- Involvement of other advisors relevant to any legal, technical and/or supporting documentation
- Any extra expenses such as travel, preparing, organizing, or collecting client data
- The value we add
- Time constraints or assignments imposed by the client or the
- Inflation adjustments in future years



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## **Selection of Other Advisers**

We do not charge any fees for referrals to Independent RIAs. Fees for such referrals are paid to us by the Independent RIA as a percentage of the management fees the Independent RIA receives from the client. Your advisory fees are not increased in any way as a result of our firm's referral to the Independent RIA. We will typically receive up to 15% of the advisory management fee you pay to the Independent RIA. The Independent RIA's fee typically ranges from 0.10% to 1.25% of assets under management annually. You should refer to the Independent RIA's Form ADV Part 2A and, if applicable, Part 2A Appendix 1 Wrap Fee Program Brochure "disclosure documents") for information regarding its fees, billing practices, minimum required investments and termination of advisory agreements. We will provide these disclosure documents to you at the time of making the referral to the Independent RIA.

## **Educational Seminars**

We do not charge a fee for our educational seminars.

## **Consultative (Hourly) Advice**

KeatsConnelly generally does not provide hourly consultation services for non-KeatsConnelly clients (clients who have not engaged KeatsConnelly or its affiliate companies for services). However, if an hourly consultation is agreed to be provided, the cost for a consultation is \$450 per hour with a one-hour minimum charge.

## **Negotiability of Fees**

In certain limited circumstances, KeatsConnelly fees may be negotiable.

## **Termination of Advisory Relationship**

A client agreement may be terminated upon thirty (30) days written notice at any time, for any reason, by either party giving notice to the other. KeatsConnelly will immediately refund any prepaid or unearned fees within sixty (60) days of the date of termination. The client will pay KeatsConnelly for any amount due for services rendered until the date of termination. Notices are to be provided to each party at its last known address. After six months, we will pro-rate the fee based on the date of termination if the fee being billed is based on a quarterly retainer or fee-based type of service.

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## Item 6: Types of Clients

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Our firm generally provides advisory referrals to individuals and high net worth individuals.

Due to the nature of our services, we do not impose any account minimums or minimum annual fees. However, a third-party manager we refer you to may impose such minimums as part of its advisory relationship with our clients. Therefore, clients should refer to the third-party manager's disclosure documents for more detailed information regarding minimum required investments and/or minimum fees. We will provide these disclosure documents to our clients at the time of making the referral to the third-party manager.

## Item 7: Methods of Analysis, Investment Strategies & Risk of Loss

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Third-Party Manager Analysis: As previously stated, our firm does not make individualized securities recommendations to clients.

A risk of investing with a third-party manager who has been successful in the past is that it may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we cannot adequately assess the presence internal controls necessary to prevent business, regulatory or reputational deficiencies. Clients should refer to the third-party manager's disclosure documents for details regarding the types of investments, methods of analysis, sources of information, and investment strategies utilized. We will provide these disclosure documents to our clients at the time of making the referral to the third-party manager.

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

## Item 8 : Disciplinary Information

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Our firm, its principals and associated persons have no disciplinary, regulatory or legal events that require disclosure.

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## Item 9: Other Financial Industry Activities and Affiliations

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Keats, Connelly and Associates, LLC is a subsidiary of Keats, Connelly and Associates, Inc. KeatsConnelly and Associates, LLC was formed and registered in January 2009 as a new advisory firm and to transition Keats, Connelly and Associates, Inc.'s advisory business to Keats, Connelly and Associates, LLC. November 17, 2020, the KeatsConnelly LLC was no longer required and was transitioned back into Keats, Connelly and Associates, Inc. ("KeatsConnelly"), and Keats, Connelly and Associates, Inc is the only registered advisory firm with the State of Arizona. Keats, Connelly and Associates, Inc. continues to be the sole provider of financial services.

### **National Advisor Holdings, Inc.**

Robert F. Keats of Keats, Connelly and Associates, Inc. is a shareholder of National Advisor Holdings, Inc. ("NAH"), a Delaware corporation organized in August of 1999. He holds less than 1.0%, in the aggregate, of the outstanding stock of NAH. NAH has chartered an institution through the Office of Currency Controller ("OCC") known as National Advisers Trust Company ("NATC") and National Advisors Trust of South Dakota ("NATSD"), a state registered company. NATC and NATSD provide trust services to clients of registered investment advisory firms, such as KeatsConnelly, across the United States. Robert F. Keats is a member of the NATC and NATSD Board of Directors, and is chairman of the Audit and Risk Committee, and the Fiduciary and Trust Committee.

Because Robert Keats has an interest in NAH, and therefore indirectly has an interest in NATC and NATSD, a small amount of the fees earned by NATC and NATSD will accrue to the benefit of the principal and thus create a conflict of interest. However, clients of KeatsConnelly will be able to make their own determination as to whether to use trust services to be provided by NATC and NATSD and may be able to choose to use another fiduciary and still retain KeatsConnelly to provide the investment advice to the client in the manner currently used.

KeatsConnelly may and does recommend NATC or NATSD to certain clients for custody, trustee and brokerage when KeatsConnelly determines NATC and NATSD's services may be appropriate for those clients. KeatsConnelly and NATC or NATSD do not have any referral compensation arrangements, and clients are under no obligation to engage NATC or NATSD for trustee and custodial services.

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## Item 10: Code of Ethics

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KeatsConnelly has adopted a Code of Conduct and Ethics expressing the firm's commitment to ethical conduct. The KeatsConnelly Code of Conduct and Ethics establishes high standards of ethical conduct expected of advisory personnel and compliance with federal and state securities laws. The KeatsConnelly Code of Conduct and Ethics stresses that no person employed by KeatsConnelly shall prefer his/her own interests to those of advisory clients and prohibits the misuse of material non-public information. The KeatsConnelly Code of Conduct and Ethics also provides for sanctions when appropriate.

**Clients may obtain a copy of the firm's Code of Conduct and Ethics upon written request by contacting KeatsConnelly at (602) 955-5007.**

The Code of Conduct and Ethics includes provisions for all employees:

- ✓ To maintain the highest standard of personal and professional integrity, honesty, and fortitude in all public activities so as to inspire and promote public confidence and trust.
- ✓ To ensure that undue personal gain is not made from the performance of official duties.
- ✓ To respect individual differences of race, sex, national origin, political affiliation, social status, and personal characteristics, realizing that society is enriched and strengthened by its diversity.
- ✓ To be thorough and objective in assembling and presenting information and facts.
- ✓ To strive continuously to grow in knowledge and skill, be alert and receptive to the ideas and suggestions of colleagues and contribute to the advancement of our profession.
- ✓ To assume responsibility for sharing knowledge with and contributing to the professional growth of our colleagues.
- ✓ To treat all of our clients and employees with integrity, respect, and concern for their personal and professional lives, so that they are proud to be associated with KeatsConnelly.

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## Participation in Client Transactions and Personal Trading

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KeatsConnelly or individuals associated with or employed by KeatsConnelly ("affiliates") do not recommend individual securities to clients..

KeatsConnelly has established the following procedures to ensure its fiduciary responsibilities:

- A member, officer or employee of KeatsConnelly shall not 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 or the employment of any clients unless the information is also available to the investing public on reasonable inquiry. No person of KeatsConnelly shall prefer his or her own interest to that of any advisory client.
- KeatsConnelly maintains records of securities holdings and transactions for itself, and anyone associated with the KeatsConnelly advisory practice. The Chief Compliance Officer reviews these holdings and transactions on a regular basis.
- KeatsConnelly emphasizes the unrestricted right of the client to select and choose any broker or dealer, custodian, accounting firm or other professionals a client wishes.
- KeatsConnelly requires that all affiliated persons or employees act in accordance with all applicable Federal and State regulations governing registered investment advisory firms.
- Any associated persons or employees not in observance of the above may be subject to termination.

### Item 11: Brokerage Practices

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

We neither request nor accept the discretionary authority to determine the broker dealer to be used for client accounts. We do not recommend broker dealers to clients for trade implementation. Should we refer you to a third-party manager, you should review the manager's disclosure documents for a detailed description of its brokerage practices, including best execution and trade aggregation and allocation policies and procedures. We will provide these disclosure documents to our clients at the time of making the referral to a third-party manager. Our firm does not review or evaluate broker dealers used by third-party managers and, therefore, cannot and does not represent that a third-party manager will achieve best execution on a trade-by-trade basis.

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In addition to advisory fees paid to a third-party manager, clients will also be responsible for all transaction, brokerage and custodial fees incurred as part of their account management with a third-party manager.

## **Item 12: Review of Accounts**

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While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for. Reviews will be conducted by Bob Keats, CEO.

Financial Planning clients will receive a completed written financial plan. Additional reports will not typically be provided unless otherwise contracted for.

## **Item 13: Client Referrals and Other Compensation**

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KeatsConnelly has firm practice and policy not to compensate any independent or third-party individuals or entities for introducing any clients to KeatsConnelly for advisory services.

As stated before, our firm acts as a solicitor for Independent RIA(s), and for doing so, receives an ongoing referral/solicitation fee for referring you to Independent RIA(s). This fee constitutes a portion of the advisory fee paid by you to the Independent RIA, is collected by the Independent RIA, and remitted to us. However, the total program fee paid to the Independent RIA by you is not increased by the amount of our referral fee. This arrangement creates a conflict of interest to the extent that we and/or our related persons have an incentive to refer you to those Independent RIAs which pay us/our related persons the highest referral fee. We address this conflict of interest in the following ways:

- We clearly disclose the existence of solicitation arrangements in our disclosure documents, where applicable, so that you can assess the inherent conflicts of interest and make a fully informed investment decision;
- We provide, where applicable, the following written disclosures to you prior to the execution of an advisory agreement with the Independent RIA:
  - The name of the Independent RIA;
  - The nature of the relationship, including any affiliation, between us and the Independent RIA;
  - A statement that we will be compensated for our solicitation services by the Independent RIA; and
  - The terms of such compensation arrangement, including a description of the compensation paid or to be paid to us.

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- We observe all rules promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and/or similar state laws and regulations, where applicable.

## **Item 14: Custody**

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While our firm does not have actual or constructive custody of your assets, we urge you to carefully review and compare the reviews of account holdings and/or performance results you receive from the Independent RIA to those you receive from your custodian. Any discrepancies should be reported to the Independent RIA and/or your custodian immediately.

## **Item 15: Investment Discretion**

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Since we do not manage client assets, we do not have investment discretion over any client accounts. Should you grant an Independent RIA that we recommended to you discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for your account(s), the Independent RIA will request that such authority be granted in writing, typically in the executed advisory agreement.

Should you wish to impose reasonable limitations on the Independent RIA's discretionary authority, such limitations should be included in this written authority statement. You should refer to the Independent RIA's disclosure documents to understand how these limitations can be changed or amended. We will provide these disclosure documents to you at the time of making the referral to the Independent RIA.

## **Item 16: Voting Client Securities**

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As a matter of firm policy, we do not vote proxies on your behalf. Therefore, you maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by you shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to your investment assets. You are responsible for instructing each custodian of the assets to forward to you copies of all proxies and shareholder communications relating to your investment assets. We do not offer any consulting assistance regarding proxy issues.

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

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commercially reasonable efforts to forward such notices in a timely manner.

## **Item 17: Financial Information**

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Under no circumstances will we earn fees in excess of \$500 more than six months in advance of services rendered, and therefore we have no obligation to disclose our firm financials as part of this Brochure.

Our firm has no financial condition that impairs our ability to meet our contractual obligations and have never been the subject of a bankruptcy proceeding.

## **Item 18: Requirements for State-Registered Advisers**

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The following individuals are the principal executive officers and management persons of KeatsConnelly:

- Robert F. Keats, CEO/CCO

Information regarding the formal education and business background Robert Keats is provided in his respective Brochure Supplement (Part 2B of Form ADV).

In addition to providing financial planning services, KeatsConnelly also offers the Cross-Border Series of books on topics tailored to specific issues Canadians have when moving to, living in or investing in the US.

Neither KeatsConnelly nor our supervised persons are compensated for advisory services with performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. Our firm and our management personnel have no reportable disciplinary events to disclose.

Neither KeatsConnelly nor our management personnel have a relationship or arrangement with any issuer of securities.

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