



Frequently Asked Questions

Q. Nick, why did you choose to leave Edward Jones and start your new business, Tailored Financial Services™?

A. When I began my career as a financial advisor in 2006, the investment philosophy of Edward Jones was centered around doing what was in the client's best interest. Working for a company that had this philosophy has always been something that is very important to me. By the time I separated in 2017, management mandated that its financial advisors lead investment advice giving appointments with a brochure titled "Making Good Choices". This brochure was a part of a company wide sales technique designed to lead investors into proprietary accounts that had **higher fees**. At the time, these accounts went by the names "**Advisory Solutions**" and "**Guided Solutions**". Since I did not feel comfortable recommending clients move their money into these costlier accounts, I was faced with a difficult decision: either recommend something I did not think was good advice or leave. Ultimately, I decided I was no longer at the proper venue to give the advice that I would want to receive if I were the person sitting on the other side of the desk. It was at that time that I decided to start my new business, Tailored Financial Services™.

Q. What is the process for transferring my account to Tailored Financial Services™ and what are the costs associated with the transfer?

A. I completely stand behind the advice that I have given my clients over the years. I did not start Tailored Financial Services™ with the intention of offering different products and services than I had been offering previously. Remember, it was because the company I worked for changed the type of advice they wanted their financial advisors to provide was the reason why I chose to leave that firm. I also never recommended investments to my clients that were exclusive to Edward Jones. Because of this, clients who wish to transfer their accounts from Edward Jones to Tailored Financial Services™ would experience no additional costs to transfer. Note: Edward Jones typically charges \$95 to transfer accounts out to another firm. Since this is the case, I will reimburse this transfer out fee back into your account once it arrives at Tailored Financial Services™, so you would truly incur **no additional costs to transfer**.

Q. I've never heard of Tailored Financial Services™ before. What kind of business is this?

A. Tailored Financial Services is a limited liability company founded in 2017 by Nicholas A. Thom here in New Ulm. It is not part of a chain and it is not a franchise. It is a small business established by me right here in southern Minnesota. Often times when advisors, such as myself, decide to leave a large multi-national brokerage firm, they create businesses with titles based on their own name. (e.g. Thom Wealth Management, Thom Financial Services, etc.) Since I wanted to create a brand that I felt would stand out a bit more, I chose to name my business "Tailored Financial Services™". The only location of this business is at 2005 N Garden St. in New Ulm, MN. Our phone number is (507) 359-3410.

Q. What about Julie? What is she doing now?

A. Thankfully, on the day I resigned, Julie decided to join me in starting Tailored Financial Services™. Her official job title is my Client Relationship Manager and her duties are similar to what they have always been. Julie and I have worked together for over ten years now and have always focused on giving clients the quality advice and service they deserve. She is an extremely valued member of my team.

Q. When you worked for Edward Jones, I'm sure they provided you with lots of research and support. What types of research and support do you have available to you now that you are running your own business?

A. Since Tailored Financial Services™ is a new business, I felt it would be best to partner with a company that would be able to provide the kind of support that our previous employer used to provide Julie and me when we were employees of theirs. After careful consideration, I decided that LPL Financial was the best company for Tailored Financial Services™ to partner with for the “behind the scenes” types of items. LPL Financial provides Tailored Financial Services™ with a platform to hold investments, place trades, issue account statements, issue tax forms, provide required industry compliance services¹, and too many other items to list. Tailored Financial Services™ pays LPL Financial a small portion of its business revenue for the services that they provide.

Regarding investment research, I have many research tools at my disposal from various outlets providing multiple angles of insight on stocks, bonds, ETFs, mutual funds and variable annuity sub-accounts in addition to very sophisticated risk analysis software and financial planning software. I feel comfortable saying that I have many more and better tools at my disposal now than I have ever had previously in my career.²

Q. What happens if I move my account to Tailored Financial Services™ and Nick unexpectedly passes away? What do I do then?

A. First of all, in the unfortunate event that I would unexpectedly pass away or not be able to perform my duties as your Wealth Planner, your account would remain invested just as it was before my passing. Nothing would change without your instruction or consent. From that point, you would have a number of options available to you in choosing a new financial advisor. You could choose another financial advisor who also works with LPL Financial. As local examples, both Bank Midwest and Frandsen Bank & Trust use LPL Financial for their in-house investment service businesses. There are also many other financial advising/planning businesses in the New Ulm area that work with LPL Financial the same way Tailored Financial Services™ does. A very useful search tool to find another LPL Financial Advisor can be found at the following link: <https://lplfinancial.lpl.com/working-with-an-advisor/find-an-lpl-financial-advisor.html>.

Another option would be to transfer your account to a different financial advisor at a different broker dealer. The investments that I recommend are not unique to Tailored Financial Services™ so you could transfer the investments you hold to any other company. Lastly, you could always liquidate your account and have a check(s) mailed out to you. I would be particularly cautious of doing this, however, since there could be significant tax consequences for liquidating an entire account(s) in this way.

In the same way that if your current financial advisor/planner unexpectedly perished under any other circumstances, I would encourage you to shop around and do your due diligence in finding a new financial advisor/planner, regardless of which firm they happened to be with. LPL Financial also maintains a client services line that can be reached at 1-800-877-7210 for this and many other types of unpredicted eventualities so there is always a way to get answers on your account if Julie and I are unavailable for any reason.

Q. Since you are a new, small company, what protections would there be on my account if I invest with Tailored Financial Services™? How do these protections compare to the protections my account has at Edward Jones?

A. There are three types of insurance protections that Tailored Financial Services™ and LPL Financial® carry to protect investment accounts and information. The first is insurance provided through the Security Investors Protections Corporation® (SIPC®). This is required to be carried by every broker dealer and protects accounts from shares that go missing for any reason. Each client is covered by \$500,000 of SIPC insurance which includes \$250,000 worth of insurance for cash accounts.³

The second type of insurance that my business carries is called “Errors & Omissions Insurance”. This is similar to the malpractice insurance that doctors carry. Like the title suggests, this insurance protects against mistakes made on the part of the Broker and/or the Financial Advisor. Tailored Financial Services carries \$2 million and LPL Financial carries \$3 million of errors and omissions coverage for each claim.⁴ **In my experience at Edward Jones, Edward Jones financial advisors did not carry errors & omissions insurance.**

Third and last, all client information and assets stored at LPL Financial and on LPL Financial’s servers is covered under their Data Breach/Cyber Insurance Program. This program provides up to \$30 million worth of coverage per claim and protects against unauthorized disclosure, access or use of customer accounts or personally identifiable information whether in electronic or paper form. It also protects against the failure of computer security to prevent a security incident. It is insurances like this that made LPL Financial the clear choice as a partner for Tailored Financial Services™.

Q. What types of products and services does Tailored Financial Services™ offer?

A. Tailored Financial Services™ offers a full menu of products and services which includes all of the products that I was able to offer at my previous employer such as mutual funds, stocks, bonds, certificates of deposit, unit investment trusts, life insurance, and fixed, variable and immediate annuities. In addition to those investment options, also have the ability to offer products that were previously not available to my clients and me, however, I have no intentions of offering those items at this time. As I have said, I started Tailored Financial Services™ so that I could continue conducting business the way I had been, which is the way I felt was right for my clients.

Above and beyond offering investment products, I also offer a full menu of financial planning services² which are available to clients who have their investments with Tailored Financial Services™ at no additional cost **or** for clients who do not wish to hold their investments with Tailored Financial Services™, I offer financial planning services at an hourly rate.

Q. Why didn't you give us, your clients, more notice that you were planning to leave Edward Jones?

A. This is something that I am deeply sorry about. If I had the ability to handle this differently, I absolutely would have. I was unable to give advance notice to any of my clients for two specific reasons:

1. A huge part of my ability to work in the financial services industry as someone who may offer to sell investment products is because I carry both the Series 7 and Series 66 securities licenses. Both of these licenses are registered to whichever firm is handling my compliance at any given time. When I was an employee of Edward Jones my licenses were registered with them and, now that I have hired LPL Financial to do my compliance for me, my security licenses are registered with LPL Financial. Whomever my licenses are registered are the only companies I am legally discuss transacting business. **If I had mentioned any of my intentions to leave Edward Jones and start my own firm before actually doing it, according to my attorney, that would have been considered "pre-solicitation" and a direct violation of industry regulations.**
2. If I had discussed my intentions to leave Edward Jones and start my own business with anyone and that information came back to their management, they almost certainly would have terminated me on the spot. Upon my termination, they would have then "frozen" my license for 30 days which would have prevented me from making the seamless transition that I made.

Again, I am terribly sorry to have had to have been so secretive about the entire process. Believe it or not, Julie didn't even know that I was starting Tailored Financial Services™ until the day I resigned. That is how necessary it was for me to keep things quiet until November 6th, 2017.

Q. Why did it say you "...joined the firm Tailored Financial Services™" in the letter you sent out last fall? I thought this was your own company.

A. The letter you received in the mail in early November of 2017 was what is referred to in the industry as a "tombstone letter". The letter stated the most basic of contact information so that people would know how to get ahold of me, if they chose to do so. It was the only correspondence that I was legally able to proactively mail to my previous clients for a full year after leaving. That letter was meticulously reviewed by many attorneys and, in the form that I mailed it to you, was the only accepted version of that letter I could send. Making changes to the verbiage in that letter was, unfortunately, not an option.

Q. This would have all been good to know a year ago. Why did you wait until now to provide your previous clients this information?

A. I am sorry for this also. As I mentioned above, I was contractually prevented from proactively providing any additional information to my previous clients. For clients who asked the questions, I was able and delighted to provide all the answers anyone needed. But, until the questions were asked, my hands were tied.

If you would like to discuss all of this or any other questions that you may have in greater detail, I would be delighted to sit down and (re)introduce my business to you in person. Julie and I always enjoyed working with you as our valued client and, if possible, we would love the opportunity to earn your business again.

Disclosures:

¹For additional information on Nick Thom's compliance record, please visit FINRA's BrokerCheck® website at <https://brokercheck.finra.org/individual/summary/5192458>.

²I am also a Certified Financial Planner®. Find out what it means to be a Certified Financial Planner® at <http://www.letsmakeaplan.org/>.

³Additional information on SIPC® insurance can be found by visiting the SIPC® website at <https://www.sec.gov/fast-answers/answerssipc.htm>.

⁴For more information on errors & omissions insurance or the Data Breach/Cyber Insurance Program please inquire with Nick at Tailored Financial Services.