

## Introduction

Directional Financial Services, LLC (‘Directional’, ‘we’, ‘us’, ‘our’, or ‘the firm’) is registered with the Securities and Exchange Commission as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### What investment services and advice can you provide me?

We offer investment advisory services to retail investors. Our advisory services include providing advice regarding asset allocation and the selection of investments, which is guided by the stated objectives of each client. We consider your risk profile and financial status prior to making any recommendations. It is our responsibility to choose a suitable investment strategy and portfolio for your investment needs and goals, and to manage your portfolio on an ongoing basis. Directional offers several investment portfolios designed to meet various needs, but portfolios are not customized for each client.

The firm offers portfolio management services to clients through Schwab Institutional Intelligent Portfolios, an automated online investment management platform (the “Program”) sponsored by Schwab Performance Technologies, Inc. (“SPT”). Directional offers clients enrolled in the Program a range of investment strategies that we have constructed, each consisting of a portfolio of exchange traded funds (“ETFs”) and a cash allocation. The portfolios and investments are monitored by the online investment management platform sponsored by SPT. Directional manages the portfolios on an ongoing basis using automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Directional also provides portfolio management services to clients who are not enrolled in the Program. The investment strategies constructed and offered by the firm to such clients consist of a portfolio of ETFs, a portfolio of mutual funds, and a cash allocation. We monitor these client portfolios and investments on an ongoing basis as part of our standard service, and make adjustments consistent with your investment objectives and goals. We will periodically rebalance or tax-loss harvest when necessary, but we do not attempt to time the market or act on hunches.

Directional also offers a separate financial planning service that you can elect to utilize. The financial planning service is designed to provide consulting services on the following topics: Cash Flow Planning, Insurance Planning, 401k Assessment and Recommendations, Mortgage Assessment and School Loan Assessment.

You would give us discretionary authority to make purchases or sales in your accounts when we feel it is appropriate without consulting you in advance. This authority is subject to any reasonable restrictions you have placed on your accounts. The non-discretionary nature of the separate financial planning service means you would make the ultimate decision regarding any purchases or sales of investments in your accounts, and give us specific prior approval. This would limit our ability to proactively manage your account(s), especially in times of market volatility.

The minimum investment required to open an account in the Program is \$5,000.

**For additional information, please see Items 4, 7, 8, and 13 of our Form ADV Part 2A Brochure here:**  
<https://adviserinfo.sec.gov/firm/summary/171903>

**Conversation Starters.** Ask your financial professional:

- “Given my financial situation, should I choose an investment advisory service? Why or why not?”
- “How will you choose investments to recommend to me?”
- “What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?”

### What fees will I pay?

Our fees are based on a percentage of client assets that we manage. Clients are billed quarterly in arrears. The specific way fees are charged by Directional is established in the client’s investment advisory agreement. We deduct fees from the clients’ investment accounts. Accounts initiated or terminated during a calendar quarter are charged a prorated fee. The more assets you have in your accounts, including cash and margin, the more you will pay us in fees, and the firm may therefore have an incentive to encourage you to increase the assets in your accounts.

In addition to our management fee, you will be responsible for other fees and expenses associated with the handling of your assets. This includes brokerage commissions and other transaction costs/fees charged by your unaffiliated custodian (such as Charles Schwab or TD Ameritrade), and taxes. Some investments (such as mutual funds and exchange traded funds) impose additional fees. Clients enrolled in the Program do not pay fees to Schwab Performance Technologies, Inc. or brokerage commissions, custodial fees, or other compensation to Charles Schwab.

If you elect to enlist Directional’s financial planning services, you may elect to either pay hourly upon completion of the plan based on the hours it took to complete the plan, or quarterly (with a minimum agreement of 12 months).

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.**

**For additional information, please see Items 5 A., B., C., and D of our Form ADV, Part 2A Brochure, here: <https://adviserinfo.sec.gov/firm/summary/171903>**

**Conversation Starter.** Ask your financial professional:

- “Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?”

## What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

**When we act as your investment adviser**, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

Directional is a wholly-owned subsidiary of Empirical Financial Services, LLC d.b.a. Empirical Wealth Management (“Empirical”). Empirical is investment manager to two private funds. Directional services clients who do not meet Empirical’s \$1,000,000 minimum assets under management requirement. Some supervised persons share responsibilities for both firms.

Directional will not be required to pay fees to Charles Schwab for the services it provides under the Program so long as Directional and/or Empirical maintains a minimum level of client assets in accounts custodied at Charles Schwab that are not enrolled in the Program.

**Conversation Starter.** Ask your financial professional:

- “How might your conflicts of interest affect me, and how will you address them?”

**For additional information, please see Items 4, 5, 6, 10, and 11 of our Form ADV, Part 2A Brochure here: <https://adviserinfo.sec.gov/firm/summary/171903>**

## How do your financial professionals make money?

We compensate our Firm’s financial professionals based on salary and bonus or a share of the Firm’s profits. A portion of that compensation is correlated to the amount of client assets they service, the revenue our Firm earns from the financial professional’s services, and/or whether the financial professional has been successful in increasing the amount of client assets under the Firm’s management. A conflict of interest exists where an employee could be motivated to increase assets at the firm irrespective of if this were in the client’s best interest, however the firm’s practice is to always act as fiduciary for clients.

**For additional information, please see Item 14 of our Form ADV, Part 2A brochure here: <https://adviserinfo.sec.gov/firm/summary/171903>**

## Do you or your financial professionals have legal or disciplinary history?

No. You can go to [Investor.gov/CRS](https://investor.gov/CRS) and use the free and simple search tool to research our firm and our financial professionals.

**Conversation Starter.** Ask your financial professional:

- “As a financial professional, do you have any disciplinary history? For what type of conduct?”

**For additional information, please see Item 9 of our Form ADV, Part 2A brochure here: <https://adviserinfo.sec.gov/firm/summary/171903>**

## Additional Information

**For additional information about our services**, see our Disclosure Brochure (Form ADV Part 2A) and Customer Relationship Summary (Form CRS) brochures at <https://adviserinfo.sec.gov/firm/summary/171903> as well as the Brochure Supplement (Form ADV Part 2B) and investment advisory agreement your financial professional provides. You can reach us by phone at 206-508-3240 or [info@directionalfs.com](mailto:info@directionalfs.com) to request up-to-date information and request a copy of this relationship summary.

**Conversation Starter.** Ask your financial professional:

- “Who is my primary contact person?”
- “Is he or she a representative of an investment-adviser or a broker-dealer?”
- “Who can I talk to if I have concerns about how this person is treating me?”