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| **DISCLOSURE BROCHURE**  Pathway Financial Planning, Inc. | **Office Address:**  780 Pilot House Drive  Suite 100C  Newport News, VA 23606  Tel: 757-595-4588  Fax: 757-595-9122  [oscar@pathwayfp.net](mailto:oscar@pathwayfp.net) [www.pathwayfinancialplanning.net](http://www.pathwayfinancialplanning.net/) |
| This brochure provides information about the qualifications and business practices of Pathway Financial Planning, Inc. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 757-595-4588. 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 Pathway Financial Planning, Inc. (CRD#173222) is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov/) | April 17, 2020 |

# Item 2: Material Changes

## Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

## Material Changes since the Last Update

This update is in accordance with the annual filing requirements for registered investment advisors. Since the last update on February 2, 2019 , the following changes have occurred:

* Item: Address Change
* Item 4

**Subscription Service**

PFP offers a subscription service in lieu of one time/ short duration engagements. This service is designed for the client that only requires advice on an as needed basis without

the need for a formal face to face meeting. Subscription service is based on a monthly rate of

$100, paid in advance. Minimum time requirement is six months. After six months, client may

cancel subscription. This subscription service is to provide advice via phone or email and is not

intended for face to face meetings. Face to face meetings are based on an hourly rate of $150.00.

PFP approach to this subscription service is to provide advice in the following areas:

Establish financial goals

Planning for College

Budgeting and Cash Flow Analysis

Debt Management

Risk Tolerance Analysis

Portfolio/Investment Review

Basic Estate Planning

Insurance Analysis

College Loan Planning

Pension Analysis/Survivor Benefits Analysis

Inheritance Planning

Basic Tax Planning

Limited Marriage/Divorce Planning

This service does not include asset management or market timing of investments. Any

advice/recommendations are based on information provided. PFP will use our best judgement

and good faith to provide suitable advice/recommendations. Should conditions change, the client

is responsible to update PFP to maintain suitability of advice.

In order to provide the most effective advice, the client may be required to provide additional

information in order for PFP to provide accurate assessments/recommendations. It will be

the responsibility of the client to provide this information in a timely manner.

Should client request the need for more in depth services, or the purchase of a product from

PFP, a separate contract will be established, and the subscription contract will become VOID.

* Item 5

SUBSCRIPTION FEES

The Subscription Fee is an ongoing arrangement. The client may cancel after the initial six months of service. The fees are negotiable. Fees are paid electronically by AdvicePay Portal. Client may use ACH or credit card as method of payment. Refunds for the Subscription Fee will be handled on a case by case basis.

* Item 13

**Written Reports**

* Financial Reports are provided to the client during the recommendation phase of the planning process. Reports are updated as needed.
* There are no periodic or scheduled written reports provided for the Subscription Service.

## Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 757-595-4588 or by email at: [oscar@pathwayfp.net.](mailto:oscar@pathwayfp.net)

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Pathway Financial Planning, Inc.

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Pathway Financial Planning, Inc.

# Item 4: Advisory Business

## Firm Description

Pathway Financial Planning, Inc. (hereinafter “PFP”) was founded in August 2014 by Oscar

N. Alvarez and began offering investment advisory services in October 2014.

PFP is a fee based investment management firm. The firm does not sell annuities, insurance, limited partnerships, or other commissioned products, but the firm’s President is an insurance agent with Pathway Financial Services and sells insurance products.

PFP does not act as a custodian of client assets.

An evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement or risk analysis. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed.

## Types of Advisory Services

PFP provides investment supervisory services, also known as asset management services and furnishes financial planning and investment advice through consultations.

ASSET MANAGEMENT

PFP offers discretionary and non-discretionary direct asset management services to advisory clients. PFP will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

Discretionary

When the client provides PFP discretionary authority the client will sign a limited trading authorization or equivalent. PFP will have the authority to execute transactions in the account without seeking client approval on each transaction.

Non-discretionary

When the client elects to use PFP on a non-discretionary basis, PFP will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, PFP will obtain prior client approval on each and every transaction before executing any transactions.

FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable, the client will compensate PFP on an hourly fee basis described in detail under “Fees and Compensation” section of this brochure. Services include but are not limited to a thorough review of all applicable topics including Estate Plan, Investments, Taxes, and Insurance. If a conflict of interest exists between the interests of the investment advisor and the interests of the client, the client is under no obligation to act upon the investment advisor’s recommendation. If the clie0nt elects to act on any of the

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recommendations, the client is under no obligation to effect the transaction through PFP. Financial plans will be completed and delivered inside of thirty (30) days.

SOLICITOR ARRANGEMENTS

PFP solicits the services of Third Party Money Managers to manage client accounts. In such circumstances, PFP receives solicitor fees from the Third Party Manager. This is detailed in Item 10 of this brochure.

SEMINARS AND WORKSHOPS

PFP holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given. PFP does not charge a fee for attendance to these seminars.

## Client Tailored Services and Client Imposed Restrictions

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

## Wrap Fee Programs

PFP does not sponsor any wrap fee programs. PFP solicits the services of third party managers that use wrap fee programs.

## Client Assets under Management

As of December 31, 2019, PFP had $0 client assets under management on a discretionary basis and $12,627,291 on a non-discretionary basis.

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**Subscription Service**

PFP offers a subscription service in lieu of one-time/ short duration engagements. This service is designed for the client that only requires advise on an as needed basis without

the need for a formal face to face meeting. Subscription service is based on a monthly rate of

$100, paid in advance. Minimum time requirement is six months. After six months, client may

cancel subscription. This subscription service is to provide advise via phone or email and is not

intended for face to face meetings. Face to face meetings are based on an hourly rate of $150.00.

PFP approach to this subscription service is to provide advice in the following areas:

Establish financial goals

Planning for College

Budgeting and Cash Flow Analysis

Debt Management

Risk Tolerance Analysis

Portfolio/Investment Review

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Basic Estate Planning

Insurance Analysis

College Loan Planning

Pension Analysis/Survivor Benefits Analysis

Inheritance Planning

Basic Tax Planning

Limited Marriage/Divorce Planning

This service does not include asset management or market timing of investments. Any

advice/recommendations are based on information provided. PFP will use our best judgement

and good faith to provide suitable advice/recommendations. Should conditions change, the client

is responsible to update PFP to maintain suitability of advice.

In order to provide the most effective advice, the client may be required to provide additional

information in order for PFP to provide accurate assessments/recommendations. It will be

the responsibility of the client to provide this information in a timely manner.

Should client request the need for more in depth services, or the purchase of a product from

PFP, a separate contract will be established, and the subscription contract will become VOID.

# Item 5: Fees and Compensation

## Method of Compensation and Fee Schedule

PFP bases its fees on a percentage of assets under management, hourly charges and solicitor fees from third party money managers.

ASSET MANAGEMENT

PFP offers discretionary and non-discretionary direct asset management services to advisory clients. Fees for these services will be based on a percentage of Assets Under Management as follows:

|  |  |  |
| --- | --- | --- |
| Assets Under Management | Annual Fee | Quarterly Fee |
| Up to $500,000 | 1.00% | .25% |
| $500,001 - $1,000,000 | .90% | .225% |
| $1,000,001 - $1,500,000 | .75% | .1875% |
| $1,500,001 – 2,000,000 | .65% | .1625% |
| Over $2,000,000 | Negotiable | Negotiable |

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The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee. Fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of the previous each quarter. Quarterly advisory fees deducted from the clients' account by the custodian will be reflected in a

provided fee invoice as fees are withdrawn. Lower fees for comparable services may be

available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with thirty (30) days written notice. For accounts closed mid-quarter, the client will be entitled to a pro rata refund for the days service was not provided in the final quarter. Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

FINANCIAL PLANNING and CONSULTING

PFP charges a negotiable hourly fee of $150 for financial planning and consulting services. Development of a comprehensive financial plan requires a minimum of four (4) hours. Prior to the planning process the client will be provided an estimated plan fee. The services include but are not limited to a thorough review of all applicable topics including Estate Plan, Investments, Taxes, and Insurance. Client will pay half of the estimated fee at the signing of the agreement with the balance due upon delivery of the completed plan. PFP will waive the financial planning fees if the plan is implemented with PFP. Services are completed and delivered inside of thirty (30) days. Client may cancel at any time prior to the delivery of the plan for a full refund based on work completed.

SOLICITOR FEES

PFP solicits the services of third party managers when the need for management services to securities portfolios is required. These fees are paid by the client to the 3rd party money manager for whom FPP is a solicitor. These fees do not include brokerage fees that may be assessed by the custodial broker dealer. Fees for these services will be based on a percentage of assets under management not to exceed any limit imposed by any regulatory agency. PFP’s fees are negotiable and non-refundable. The final fee schedule will be attached to Exhibit D in PFP's Investment Advisory Agreement.

*Custom Portfolios*

In addition to managing certain asset classes and investment strategies, third party managers uses various Model Managers to manage specific investment strategies within the investment implementation strategies comprising their Custom Portfolios. Third party managers, along with the Model Managers, manage the respective strategies on an ongoing basis and make recommendations over what securities are to be bought and sold. As the advisor on Program Accounts, they exercise discretionary authority to implement and trade those recommendations on behalf of the custom portfolios. Third party managers review the performance of the Program Account to make certain it remains in alignment with the subscribed Model Portfolio. From time to time they rebalance the asset weightings within the Model Portfolio to minimize dispersion and realign the Model Portfolio. The third party managers provide a number of customization features to clients in establishing their Model Portfolios. If a client has sufficient assets and special circumstances regarding the Program Account, third party managers may act on client’s directions to modify particular asset classes

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or Model Manager Portfolios to construct a customized portfolio to meet client requirements. The fee paid in these instances is negotiable and may be more or less than the basic program.

Third party managers may charge a set-up fee at account opening and may charge an account termination fee. All fees will be disclosed as part of the Total Program Fee.

This arrangement will be disclosed to the client in a disclosure document outlining the relationship between PFP and the Third Party Money Manager. This agreement will include the name of the assisting investment advisor representative, the name of the third party money manager, the nature of the relationship and affiliation if any, a statement of compensation and amount, the terms of the compensation arrangement, and any additional fee(s) charged to clients above the normal fee of the third party money manager as a result of retaining the third party money manager through PFP.

PFP does not charge additional management fees for Third Party managed account services. Client's signature is required to confirm consent for services within Third Party Investment Agreement. Client will initial PFP's Investment Advisory Agreement to acknowledge receipt of Third Party fee Schedule and required documents including Form ADV Part 2 disclosures and written disclosure document.

## Client Payment of Fees

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery.

## Additional Client Fees Charged

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities and exchange-traded funds. These charges may include mutual fund transactions

fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

PFP, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For more details on the brokerage practices, see Item 12 of this brochure.

## Prepayment of Client Fees

Investment management fees are billed quarterly in advance. If the client cancels after five

1. days, any unearned fees will be refunded to the client.

Financial planning fees will be billed half of the estimated fee at the signing of the agreement with the balance due upon delivery of the completed plan. Client may cancel at any time prior to the delivery of the plan for a full refund based on work completed.

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SUBSCRIPTION FEES

The Subscription Fee is an ongoing arrangement. The client may cancel after the initial six months of service. The fees are negotiable. Fees are paid electronically by AdvicePay Portal. Client may use ACH or credit card as method of payment. Refunds for the Subscription Fee will be handled on a case by case basis.

## External Compensation for the Sale of Securities to Clients

PFP does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of PFP.

**Item 6: Performance-Based Fees and Side-by-Side Management**

## Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

PFP does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

# Item 7: Types of Clients

## Description

PFP generally provides investment advice to individuals and small businesses. Client relationships vary in scope and length of service.

## Account Minimums

PFP does not require a minimum to open an account.

# Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

## Methods of Analysis

Security analysis methods may include fundamental analysis, technical or chart analysis, cyclical analysis and quantitative analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical or Chart analysis involves evaluating securities based on past prices and volume. Cyclical analysis involves analyzing the cycles of the market. Quantitative analysis is an analysis technique applying mathematics (stochastic calculus) to finance.

When creating a financial plan, PFP utilizes fundamental analysis to provide review of insurance policies for economic value and income replacement. Technical or Charting analysis is used to review mutual funds and individual stocks. Cyclical analysis is sensitive to economy cycles. For example, revenues are generally higher in periods of economic prosperity and expansion and lower in periods of economic downturn and contraction. Examples of quantitative analysis include everything from simple financial ratios such as earnings per

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share, to something as complicated as discounted cash flow, or option pricing. The main sources of information include Morningstar, client documents such as tax returns and insurance policies.

## Investment Strategy

The investment strategy for a specific client is based upon the objectives stated by the client

during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement or Risk Tolerance that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

Long-term purchases, short-term purchases and option transactions may not be suitable for all persons and clients should be aware of the risks involved.

Risks involved with long-term purchases are interest rate risk, business risk and financial

risk. Clients also run the risk of losing the money initially invested.

Risks involved with short-term purchases are downside risk, risk of financial loss, marginal risk, and risk of lower returns on investments.

Risks involved with option transactions are credit risk, market risk, funding risk, and operational risk. Clients will receive a separate disclosure from the custodian on the risks associated with standardized options.

## Security Specific Material Risks

All investment programs have certain risks that are borne by the investor. *Modern portfolio theory* (MPT) is a theory of finance that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical or charting analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk. Quantitative analysis involves interest rate risk, inflation risk, and currency risk. Security analysis methods primarily consists of modern portfolio theory.

Our investment approach constantly keeps the risk of loss in mind. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns. Investors face the following investment risks and should discuss these risks with PFP:

* + *Interest-rate Risk*: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

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* + *Market Risk*: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For
  + example, political, economic and social conditions may trigger market events.
  + *Inflation Risk*: When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
  + *Currency Risk*: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment’s originating country. This is also referred to as exchange rate risk.
  + *Reinvestment Risk*: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
  + *Business Risk*: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its

income from a steady stream of customers who buy electricity no matter what the economic environment is like.

* + *Liquidity Risk*: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
  + *Financial Risk*: Excessive borrowing to finance a business’ operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
  + *Funding Risk*: The risk that, as a result of mismatches or delays in the timing of cash flows due from or to the client or counterparty in the transactions, the client or counterparty may not have adequate cash available to fund current obligations.
  + *Operational Risk*: The risk of loss to the client arising from inadequacies in or failures of system and controls for, monitoring and quantifying the risks and contractual obligations associated the transactions, for recording and valuing the transactions, or for detecting human errors or systems failures.
  + *Credit Risk*: The risk of loss of principal stemming from a borrower’s failure to repay a loan or otherwise meet a contractual obligation.

# Item 9: Disciplinary Information

## Criminal or Civil Actions

The firm and its management have not been involved in any criminal or civil action.

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## Administrative Enforcement Proceedings

The firm and its management have not been involved in administrative enforcement proceedings.

## Self-Regulatory Organization Enforcement Proceedings

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

# Item 10: Other Financial Industry Activities and Affiliations

## Broker-Dealer or Representative Registration

Neither PFP nor any of its employees are registered representatives of a broker-dealer.

## Futures or Commodity Registration

Neither PFP nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

**Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

President Oscar N. Alvarez has a financial affiliated business as an insurance agent. Approximately 25% of Mr. Alvarez’s time is spent in these practices. From time to time, he will offer clients advice or products from those activities.

These practices represent conflicts of interest because it gives Mr. Alvarez an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. Alvarez has a fiduciary responsibility to place the interests of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest** The assisting investment advisor representative for PFP, Oscar N. Alvarez, solicits the services of Third Party Money Managers when the need for management services to securities portfolios is required. These fees are paid by client to the Third Party Money Manager for whom PFP is a solicitor. PFP has no affiliation with the Third Party Money Manager. A written agreement between PFP and the Third Party Money Manager will be executed. PFP receives solicitor fees from the Third Party Money Managers. Clients solicited by PFP will not pay any additional fees than clients of the Third Party Money Manager that do not utilize a solicitor. Fees do not include brokerage fees that may be assessed by the custodial broker dealer. Fees for these services will be based on a percentage of assets under management as described in Item 5 of this brochure not to exceed any limit imposed by any regulatory agency.

The solicitor relationship is disclosed to the client. Client's signature is required to confirm consent for services within Third Party Investment Agreement. Client initials PFP's Investment Advisory Agreement to acknowledge receipt of Third Party fee Schedule and required documents including Third Party Money Manager’s Form ADV Part 2.

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These practices represent conflicts of interest because PFP is paid a Solicitor Fee for recommending the Third Party Money Managers and may choose to recommend a particular Third Party Money Manager based on the fee PFP is to receive. This conflict is mitigated by the fact that PFP and its Investment Advisor Representatives have a fiduciary responsibility to act in the best interest of his clients. Clients are not required to accept any recommendation of Third Party Money Managers given by PFP and have the option to received investment advice through other money managers of their choosing.

# Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

**Code of Ethics Description**

The employees of PFP have committed to a Code of Ethics (“Code”). The purpose of our Code is to set forth standards of conduct expected of PFP employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of PFP. The Code reflects PFP and its supervised persons’ responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

PFP’s policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of PFP may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

PFP’s Code is based on the guiding principle that the interests of the client are our top priority. PFP’s officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client’s interests over the interests of either employees or the company.

The Code applies to “access” persons. “Access” persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

**Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

PFP and its employees do not recommend to clients securities in which we have a material financial interest.

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**Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

PFP and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades.

**Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

PFP does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide PFP with copies of their brokerage statements.

The Chief Compliance Officer of PFP is Oscar N. Alvarez. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

# Item 12: Brokerage Practices

**Factors Used to Select Broker-Dealers for Client Transactions**

PFP will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. PFP currently has a relationship with Shareholders Services Group as their custodial broker-dealer. PFP relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by PFP.

* + *Directed Brokerage*

PFP does not allow clients to direct brokerage. Not all advisers require their clients to direct brokerage. By directing brokerage PFP may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.

* *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. PFP reviews the execution of trades at each custodian each quarter.

* *Soft Dollar Arrangements*

PFP has no soft dollar arrangements.

**Aggregating Securities Transactions for Client Accounts**

PFP is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of PFP. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

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# Item 13: Review of Accounts

**Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by Oscar N. Alvarez, Chief Compliance Officer. Mr. Alvarez will review accounts for such things as:

* + client objectives are in line with the investments;
  + securities held in the accounts are performing to PFP and client’s expectations; and
  + asset allocation is balanced in the correct proportion with the strategy
  + Financial Reports are provided to the client during the recommendation phase of the planning process. Reports are updated as needed.

Account reviews are performed more frequently when market conditions dictate.

**Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients’ accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

**Content of Client Provided Reports and Frequency**

Clients receive account statements from the custodian no less than quarterly for managed accounts. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. PFP will provide quarterly performance reports provided through Morningstar. Clients are urged to compare reports with the statement issued by the custodian.

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**Subscription Reports**

* There are no periodic or scheduled written reports provided for the Subscription Service.

# Item 14: Client Referrals and Other Compensation

**Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest**

PFP receives a portion of the annual management fees collected by the Third Party Money

Managers to whom PFP refers clients.

This situation creates a conflict of interest because PFP and/or its Investment Advisor Representative have an incentive to decide what Third Party Money Managers to use because of the higher solicitor fees to be received by PFP. However, when referring clients to a third party money manager, the client’s best interest will be the main determining factor of PFP.

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**Advisory Firm Payments for Client Referrals**

PFP does not compensate for client referrals.

# Item 15: Custody

**Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to carefully review account statements.

PFP is deemed to have constructive custody solely because advisory fees are directly deducted from client’s account by the custodian on behalf of PFP.

# Item 16: Investment Discretion

**Discretionary Authority for Trading**

PFP accepts discretionary authority to manage securities accounts on behalf of clients. The client will grant this discretion in the advisory agreement and/or executing a limited power of attorney document. PFP has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold and the broker-dealer to be used. However, PFP consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

PFP does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

# Item 17: Voting Client Securities

**Proxy Votes**

PFP does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, PFP will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

# Item 18: Financial Information

**Balance Sheet**

A balance sheet is not required to be provided because PFP does not serve as a custodian for client funds or securities and PFP does not require prepayment of fees of more than $500 per client and six months or more in advance.

**Financial Conditions Reasonably Likely to Impair Advisory Firm’s Ability to Meet Commitments to Clients**

PFP has no condition that is reasonably likely to impair our ability to meet contractual

commitments to our clients.

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**Bankruptcy Petitions during the Past Ten Years**

Neither PFP nor its management has had any bankruptcy petitions in the last ten years.

# Item 19: Requirements for State Registered Advisors

## Education and business background, including any outside business activities for all management and supervised persons can be found in the Supplement to this Brochure (Part 2B of Form AD Part 2).

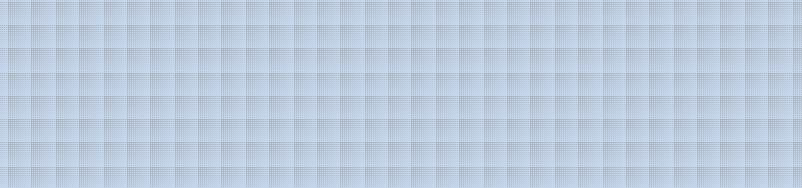
## Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities

None to report.

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| --- | --- |
| **SUPERVISED PERSON BROCHURE**  F O R M AD V P A R T 2B  Oscar N. Alvarez, CFP®  Pathway Financial Planning, Inc. | **Office Address:**  780 Pilot House Drive  Suite 100C  Newport News, VA 23606  Tel: 757-595-4588  Fax: 757-595-9122  [oscar@pathwayfp.net](mailto:oscar@pathwayfp.net) [www.pathwayfinancialplanning.net](http://www.pathwayfinancialplanning.net/) |
| This brochure supplement provides information about Oscar N. Alvarez and supplements the Pathway Financial Planning, Inc.’s brochure. You should have received a copy of that brochure. Please contact Oscar N. Alvarez if you did not receive the brochure or if you have any questions about the contents of this supplement.  Additional information about Oscar N. Alvarez (CRD #2396863) is available on the SEC’s website at [www.adviserinfo.sec.gov.](http://www.adviserinfo.sec.gov/) | **January 24, 2020** |

Pathway Financial Planning, Inc.



# Brochure Supplement (Part 2B of Form ADV)

**Supervised Person Brochure Principal Executive Officer**

## Oscar Nava Alvarez, CFP®

* Year of birth: 1960

## Item 2 Educational Background and Business Experience

Educational Background:

* Old Dominion University; Master of Science - Education; 1993
* United States Military Academy at West Point; Bachelor of Science – General Studies; 1982

Business Experience:

* Pathway Financial Planning, Inc.; President/Chief Compliance Officer; 09/2014 to Present
* Oscar Alvarez DBA Pathway Financial Services; Insurance Agent; 05/2011 to Present
* VOYA Financial Advisors, Inc.; Registered Representative/Investment Advisor Representative; 05/2011 to 10/2014
* MetLife Securities Inc.; Registered Representative/Investment Advisor Representative; 09/2002 to 05/2011
* Metropolitan Life Insurance Company; Registered Representative; 09/2002 to 07/2007
* Rafiki Foundation; Headmaster; 08/2001 to 08/2002

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP®): Certified Financial Planner is a designation granted by the CFP® Board. CFP® requirements:

* Bachelor’s degree from an accredited college or university.
* Completion of the financial planning education requirements set by the CFP® Board ([www.cfp.net](http://www.cfp.net/)).
* Successful completion of the 10-hour CFP® Certification Exam.
* Three-year qualifying full-time work experience.
* Successfully pass the Candidate Fitness Standards and background check.
* When you achieve your CFP® designation, you must renew your certification annually; pay a $325 certification fee and complete 30 hours of continuing education every two years.

## Item 3 Disciplinary Information

None to report.

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## Item 4 Other Business Activities

Oscar N. Alvarez has a financial industry affiliated business as an insurance agent. From time to time, he offers clients advice or products from those activities. Approximately 25% of Mr. Alvarez’s time is spent in these practices. Clients are not required to purchase any products.

These practices represent conflicts of interest because it gives Mr. Alvarez an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. Alvarez has a fiduciary responsibility to place the interests of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

## Item 5 Additional Compensation

Mr. Alvarez receives additional compensation in his capacity as an insurance agent. He does not receive any performance-based fees.

## Item 6 Supervision

Since Oscar N. Alvarez is the sole owner of Pathway Financial Planning, Inc.; he is solely responsible for all supervision and formulation and monitoring of investment advice offered to clients.

## Item 7 Requirements for State-Registered Advisors

*Arbitration Claims:* None to report.

*Self-Regulatory Organization or Administrative Proceeding:* None to report.

*Bankruptcy Petition:* None to report.

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