

Item 1 – Cover Page

Educators Financial Services, Inc

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March 8, 2019

This Brochure provides information about the qualifications and business practices of Educators Financial Services, Inc. dba: EFS Advisors, LLC (hereafter referred to as EFS). If you have any questions about the contents of this Brochure, please contact us at 763/689-9023. 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.

EFS is a Registered Investment Adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information to determine if you hire or retain an Adviser.

Additional information about EFS also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure dated March 8, 2019, is an update to a previous version and is composed according to the SEC's requirements and specifications. This section of the brochure will report a summary of any material changes made to the brochure relative to its previous version.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes via a new brochure as necessary, at any time, without charge.

Currently, our brochure may be requested by contacting Kent Schutte, Chief Compliance Officer at 763-689-9023 or Kents@efsadvisors.com. Our brochure is also available on our web site www.efsadvisors.com, also free of charge.

Additional information about EFS is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with EFS who are registered, or are required to be registered, as investment adviser representatives of EFS.

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Item 4 – Advisory Business

EFS a Registered Investment Advisor, was founded in 1998, by Kent D. Schutte. EFS continues with Mr. Schutte as the primary owner.

EFS offers investment advisory services for a fee based on the value of client assets under management. The firm furnishes investment advice through consultations. EFS may provide advice on matters not specifically involving securities transactions. EFS also provides financial consulting services excluding asset management for an hourly fee discussed in Item 5.

As part of its advisory services, EFS provides continuous and regular supervisory and management services to securities portfolios. When rendering advice, EFS uses a client-centric suitability determination that gathers information about several dimensions of the client's financial situation. These dimensions are then scored aggregately to generate a score that corresponds to a recommended investment strategy. The client is free to choose the strategy EFS recommends or another strategy they wish to pursue. The client is under no obligation to choose the strategy EFS recommends. EFS constructs model portfolios to fit a range of client objectives, timelines, risk tolerances, and other goals and preferences. Clients and representatives are free to use the model portfolio or to make changes to it based on their preferences.

EFS manages \$952,047,533 on a discretionary basis and \$284,931,923 on a non-discretionary basis. This calculation is as of March 6, 2019.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by EFS is established in a client's written agreement with the firm. EFS generally collects fees on a quarterly basis with billing in advance each calendar quarter beginning the first full calendar quarter an account is active. Clients authorize EFS to directly debit fees from client accounts. Fees may be prorated upon request for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals).

Accounts initiated or terminated during a calendar quarter may be charged a prorated fee upon request. Upon termination of any account, any prepaid, unearned fees may be refunded, and any earned, unpaid fees will be due and payable. Fees are generally not negotiable and are assessed based on a percentage of the dollar amount of assets under management. Further deviation from the fee schedule will be subject to prior approval by the Compliance Department. Deviations from the fee schedule may also be available pursuant to the terms of an RFP agreement with your employer, if applicable.

**Fee Schedule for All Standard Accounts
(Standard, RFP School District, and EFS Advisors Choice)**

	<u>Quarterly Fee</u>	<u>Annual Fee</u>
\$0.00 - \$210,000	0.26%	1.04%
\$210,001 - \$500,000	0.24%	0.96%
\$500,001 - \$1,000,000	0.22%	0.88%
\$1,000,001 and Higher	0.20%	0.80%
*Fixed Income and Cash Management Only	0.15%	0.60%
Non-asset management consulting services	up to \$195/hour (negotiable)	

Under limited circumstances, a fee may be due but the client's account holdings, balance, and size of the fee make it in the client's best interest to carryover the fee to a later period or waive the fee entirely. For example, a client may hold a small stock position and no cash in an account and liquidating the stock to pay the fee may incur transaction fees in excess of the advisory fee due. In these situations, carryover or waiver of fees shall be left to the discretion of the individual Investment Adviser Representative, subject to Compliance Department approval.

EFS also offers a fixed-only account option. This option charges a quarterly fee of 0.09% totaling 0.36% annually (effective 8/1/18). This option is available for non-qualified accounts only. Assets so held may not be added to assets under management under a Standard Account fee schedule for the purposes of obtaining a lower fee percentage.

EFS fees cover EFS' advisory services only. Clients should expect to pay additional certain charges imposed by custodians, brokers, third party portfolio managers and other third parties including management fees charged by fund and Exchange Traded Fund managers, fees charged by custodians to hold securities for safekeeping, deferred sales charges (charges incurred by a some mutual funds at the time the client sells the shares), odd-lot differentials (charges incurred on securities orders in quantities other than some multiple of 100 shares), transfer taxes, wire transfer and electronic fund fees, and other fees and

taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded fund internal management fees are disclosed in each fund's prospectus.

EFS' president and investment adviser representatives also sell securities and insurance products for sales commissions through EFS' affiliated Broker/Dealer, Advanced Advisor Group, LLC (hereafter referred to as "AAG"). As an Investment Adviser, EFS is paid on a fee basis for investment advice. If that advice is implemented through EFS' affiliated Broker/Dealer, AAG, then AAG and its representatives receive brokerage commissions for each securities transaction. Advisory fees are not reduced to offset commissions or markups.

This practice presents a potential conflict of interest in that a representative could, while acting as an agent for AAG, recommend investment products based on compensation received rather than client needs, a practice known as "self-dealing". This potential conflict is disclosed to clients in the Financial Planning Disclosure Statement which accompanies the Investment Advisory Agreement. To address this conflict, EFS forbids self-dealing in its written investment advisory manual and requires representatives to certify that they have reviewed and understand the contents of the manual. Additionally, all trades are routed through the custodian's Broker/Dealer; commissions or revenues generated by trading activity are not directed back to AAG or its representatives. This conflict of interest is also discussed in Item 10.

The capacity in which EFS is employed and how it is paid is disclosed to the client upon initial account opening. Business completed on a commission basis vs. a fee basis are segregated from one another and it is disclosed on the firm's written agreement with the client whether the client is conducting business on a commission basis through the affiliated Broker/Dealer or on a fee basis through the Investment Adviser. This relationship is also described in Items 10, 12, and 14.

Item 12, below, further describes the factors that EFS considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Additionally, EFS periodically offers non-financial consideration to its Investment Advisor Representatives in exchange for referring employer groups to affiliated Third Party Administrator (TPA), Educators Benefit Consultants (EBC). This practice constitutes a conflict of interest as it creates an incentive for representatives to encourage clients to use the affiliated TPA to the exclusion of others without consideration of the services offered or fees charged by other TPAs.

Finally, an additional source of third-party compensation comes from an arrangement between affiliated insurance agency, Educators Lifetime Solutions (ELS) and Lifesprk, a provider of in-home elder care services. According to the arrangement, if an Investment Advisor Representative refers a client to Lifesprk and the client subscribes to Lifesprk's services, ELS receives a 3% revenue share of premiums paid by the client to Lifesprk. Of the 3%, the Investment Advisor Representative receives 63% of the revenue share.

This constitutes a conflict of interest as a financial incentive exists for the Investment Advisor Representative to refer clients to Lifesprk. The client, however, is under no obligation to retain the services of Lifesprk.

Important conflict of interest message for clients in the EFS Advisors Choice product program:

Educators Financial Services receives 12b-1 fees from certain holdings in the EFS Advisors Choice product program through its affiliated Broker/Dealer, Advanced Advisor Group. This practice constitutes a conflict of interest as there exists a financial incentive to recommend the holdings that pay these 12b-1 fees in order to collect said fees.

These fees are only used to offset administrative expenses incurred from administering the plan and include fees charged by MG Trust, Relius daily valuation software, and associated labor expenses. In the event the 12b-1 fees exceed these expenses, the balance is credited back to account holders.

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

Neither EFS nor its representatives charge performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

Item 7 – Types of Clients

EFS provides investment advice to individuals, business entities, charitable organizations, estate and trust programs.

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

The Advisory Committee analyzes data for investment choices. The Advisory Committee conducts a quarterly fund performance evaluation. These evaluations are used to determine a fund's inclusion in EFS' model portfolio holdings based upon:

- 1) Whether fund performance remains within the standards of firm performance demands
- 2) Whether the fund manager's investment style has been consistent with stated objectives
- 3) What changes in benchmarks and objectives have been made and the effect these changes may have on future results and performance monitoring criteria

The Advisory Committee will remove a fund from firm advisory holdings if it performs below 50% of its peer group for more than three consecutive quarters. Following such removal, all existing balances are moved from the removed fund to a replacement fund and future contributions will be deposited to that replacement fund. No new contributions will be made to a fund that has been removed unless the fund is subsequently restored to the list.

Additional items reviewed include, but are not limited to, benchmark returns, history of management team members, and expenses and fees. Technical analysis includes the use of software such as Morningstar. Past performance is not indicative of future results and technical analysis uses information that is thought to be accurate at the time of use. None of these risks should be considered to be particularly significant or unusual, however, investing in securities always involves risk of loss that clients should be prepared to bear. Moreover, it should be noted that more aggressive investment strategies and portfolios should be understood to carry higher risk of loss of total investment.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of EFS or the integrity of EFS management. EFS has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

EFS is a Registered Investment Adviser. EFS is affiliated with Advanced Advisor Group, LLC (hereafter referred to simply as AAG), which is a Registered Investment Adviser and Broker/Dealer. Both firms are under the common control of Kent D. Schutte. The

difference between the two firms is a matter of client outreach to differing market segments. The business dealings of both firms are kept separate; trades are not made between clients of the two firms, and no preferential treatment is shown to clients of either firm in the allocation of investment opportunities.

EFS recommends securities and insurance products and services to its clients. EFS selects its custodians—Fidelity, Security Benefit Group, TD Ameritrade, and Matrix—to execute these trades on behalf of its advisory clients. Some of EFS' principals and employees are dually-registered as investment advisory representatives for EFS and AAG and as Broker/Dealer representatives for AAG. These dually-registered representatives would receive commissions on securities transactions executed at AAG as Broker/Dealer and on insurance transactions. The commissions they receive are separate from and in addition to the advisory fees EFS receives from its clients.

This practice constitutes a conflict of interest for EFS and its representatives. An incentive exists for EFS to use its own affiliated Broker/Dealer, AAG, to execute trades to collect additional revenues from those trades. An incentive also exists for dually-registered representatives to recommend use of AAG as Broker/Dealer to earn commissions on transactions. Additionally, an incentive exists for dually-registered representatives, in the course of conducting Broker/Dealer business to recommend products that generate higher commissions, whether or not those products are in the client's best interests.

To mitigate the effects of these conflicts of interest, all securities trades made in advisory accounts on behalf of the clients are routed to the Broker/Dealer associated with the custodians; any commissions or revenues generated by these trades are not directed back to AAG as Broker/Dealer or its representatives. Additionally, many of the mutual funds held in client advisory accounts do not charge an up-front transaction fee. Finally, periodic training of dually-registered representatives on the demands of the fiduciary standard of care are conducted in addition to annual account reviews to verify that high-commission products are not placed into accounts opened under the Broker/Dealer on behalf of advisory clients. This is to verify that investment advisory representatives are selecting products aligned with the client's best interests rather than generating higher commissions.

EFS is also under common control with Educators Lifetime Solutions (ELS), an insurance agency that offers long-term care insurance. Investment Advisory Representatives sell

long-term care insurance in exchange for a commission. A conflict of interest exists in that it's possible for the representative to promote a long-term care insurance policy based on the amount of commissions it pays.

At no time is a client obligated to follow the recommendations of an Investment Advisory Representative.

Item 11 – Code of Ethics

EFS has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at EFS must acknowledge the terms of the Code of Ethics annually, or as amended.

EFS anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which EFS has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which EFS, its affiliates and/or clients, directly or indirectly, have a position of interest. EFS employees and persons associated with EFS are required to follow EFS Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of EFS and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for EFS clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of EFS will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and

to reasonably prevent conflicts of interest between EFS and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with EFS obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. EFS will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

EFS clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Kent Schutte, Chief Compliance Officer.

It is EFS policy that the firm will not effect any agency cross securities transactions for client accounts and generally will not effect principal transactions for client accounts. However, in very limited and exceptional circumstances, EFS may effect principal transactions. EFS will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Principal transactions represent a conflict of interest in that it creates an incentive for an adviser to complete such transactions in exchange for commissions.

Item 12 - Brokerage Practices

EFS does not receive soft dollar benefits.

EFS has authority to select the Broker/Dealer for custodial and execution services. EFS, as a fiduciary, is required to choose the broker/dealer to be used based on the best overall qualitative value to clients. EFS chooses its custodians, Fidelity, Security Benefit Group, TD Ameritrade, and Matrix, for execution of customer trades.

Although EFS has the ability to select the Broker/Dealer used, EFS does not receive product, service, compensation or research for the chosen Broker/Dealer. Additionally, EFS investment adviser representatives, in their capacity as agents for AAG as Broker/Dealer, do not receive product, service, compensation, or research from the chosen Broker/Dealer. EFS suggests investment adviser representatives based on the skill, reputation, dependability and compatibility with the client. However, clients are free to select any investment adviser representative they wish.

As mentioned previously, Investment Advisor Representatives of EFS sell securities and insurance products for commissions through the affiliated Broker/Dealer, AAG. This topic is also discussed in Items 5 and 10.

Item 13 – Review of Accounts

The Chief Compliance Officer or assigned person and/or an Investment Advisor Representative conduct periodic reviews of advisory business. A review of funds held within model portfolios and client accounts is conducted via an Advisory Committee meeting that occurs every quarter described in Item 8. Each account is reviewed individually on at least an annual basis. Review of individual accounts and the funds held is to verify suitability and accuracy according to the firm's management discipline standards, also referenced in Item 8.

Item 14 – Client Referrals and Other Compensation

Investment Advisor Representatives of the firm, through the affiliated Broker/Dealer, Advanced Advisor Group, LLC, sell securities products for sales commissions. Additionally, insurance products may be sold where a sales commission is earned.

EFS does not pay third parties for referrals, nor do third parties pay EFS for referrals. Under a contractual agreement with affinity group organizations approached by EFS, the firm provides financial planning and services. In return, the affinity group organization is

compensated on a percent of assets under management basis through a revenue sharing program in accordance with a solicitor's agreement. The existence of this solicitor's agreement as well as the terms of this agreement is fully disclosed to clients at the time of account opening.

Item 15 - Custody

The firm does not have custody of any assets for clients.

Item 16 - Investment Discretion

The firm generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior approval from the client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by the firm.

Discretionary authority will only be authorized upon full disclosure to the client. During initial account opening, the client agrees to grant discretionary authority via language in the investment advisory agreement upon execution of said agreement. This agreement also imposes limitations on the firm's discretionary authority. All trades made on a discretionary basis must be consistent with the client's investment objectives.

The firm has discretionary authority to select the broker or dealer for custodial and execution services. This is discussed in further detail in Item 12, above.

Item 17 - Voting Client Securities

The firm will not vote, nor advise clients how to vote, proxies for securities held in client accounts; the client retains the authority and responsibility for the voting of these proxies. Also, EFS cannot give any advice or take any action with respect to the voting of these proxies. The client and EFS agree by contract not to direct or instruct one another how to vote in a proxy solicitation.

Clients receive proxy solicitations from the custodian. If a client has a question about a particular solicitation, they are instructed to direct their question to the custodian.

For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Also, EFS cannot give any advice or take any action with respect to the voting of these proxies.

Item 18 - Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about EFS financial condition. The firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

EFS assesses fees quarterly and does not require nor solicit prepayment of fees six months or more in advance.

EFS is not a sole proprietorship, but an S Corporation.