

Financial Advantage, Inc. – Form CRS**Item 1 – Introduction**

Financial Advantage, Inc. dba FAI Wealth Management (“FAI”, “we”, “our”, or “us”) is registered with the Securities Exchange Commission (“SEC”) as an investment adviser. Our services and compensation structure differ from a registered broker-dealer, and it is important for you to understand the differences between those structures. Free and simple tools are available to research firms and financial professionals at www.investor.gov/CRS. The site also provides educational materials about broker-dealers, investment advisers and investing. The italicized sentences appearing in text boxes below are intended to be “conversation starters” for you to have with us, as required by the instructions to Form CRS.

Item 2 – Relationship and Services - What investment services and advice can you provide me?

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and other advisors (our “retail investors” or “clients”). The centerpiece of FAI's service is our planning process where we work closely with clients and their other advisors to develop detailed strategies in the critical areas of cash flow, taxes, risk management, investments, retirement and estate planning. Currently, we offer the following advisory services which can be utilized independently or in combination - Wealth Management, Ongoing Financial Planning and Consulting, Investment Management, Retirement Plan Consulting and Hourly and Ad Hoc Consulting.

Our wealth management service is a retainer arrangement that provides clients with personal financial planning and investment management services. Our staff is committed to developing, implementing, and supervising your customized financial plan. Specifically, we may provide guidance in areas such as cash flow and budget analysis/planning, tax analysis/planning, risk management, retirement planning, estate planning, and investment/portfolio management. As part of the investment management component of this service, we will construct a portfolio based on your individual needs and objectives and actively manage your portfolio on a discretionary basis. Our stand-alone investment management services are not available to new clients at this time. For our legacy clients that engaged us prior to 2015, we provide discretionary investment management services (without personal financial planning) where the investment advice provided is custom tailored to meet your needs and investment objectives. We also offer pension consulting services to sponsors of participant directed retirement plans based upon the needs of the plan and the services requested by the plan sponsor. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, investment performance monitoring, ongoing consulting, and education services to plan participants. Participant education meetings are designed to assist participants with the investment selection process. FAI may also recommend that a client roll over their retirement plan assets into an account to be managed by FAI. Such a recommendation may create a conflict of interest if FAI will increase its current compensation. Additionally, to the extent specifically requested, FAI will generally provide limited planning and consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. If requested by the client, FAI may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professionals. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from FAI. Wealth Management clients generally have a minimum of \$500,000 in investable assets. FAI, in its sole discretion, may waive its asset minimum. For more detailed information about our Advisory Business and the types of clients we generally service, please see Items 4 and 7, respectively in our [Form ADV Part 2A](#).

Conversation Starters:

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

Item 3 – Fees, Costs, Conflicts, and Standard of Conduct**What fees will I pay?**

On an annualized basis, the firm's fees for wealth management services generally range between 0.50% and 1.00%. At our discretion, we may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee. This consolidation practice is designed to allow a client the benefit of an increased asset total, which could potentially cause the accounts to be assessed a reduced advisory fee based on the breakpoints available in our fee schedule. For our legacy investment management clients that engaged us prior to 2015, we generally charge 1.00% of the assets under management. Investment management is generally subject to a minimum fee of \$5,000. This minimum applies to clients who engage us for investment management services only. The fee does not include transaction fees, or other fees/expenses charged by brokers, custodians, or mutual funds. In certain circumstances, we may offer ongoing financial planning and consulting services through a retainer fee arrangement. The annual fee for these services depends on the scope and complexity of your specific circumstances and typically starts at \$4,000 for initial 18-month engagement. In determining the fee, we may also take into consideration other factors such as liquid net worth and investment time horizon. Fees for ongoing/retainer services are payable annually in advance. Other fee payment arrangements may be negotiated in limited circumstances, and at our sole discretion. Where a situation warrants it, personal financial planning and consulting services are provided hourly, on a fee-only basis, generally between \$250 - \$350. The scope of our retirement plan/pension consulting services, the fees, and the terms of the agreement for these services will be negotiated on a case-by-case basis with each plan sponsor and will be clearly set forth in writing in the agreement for services. The annual fee is billed quarterly, in advance, and payment is due on the

Our Form ADV is available on our Web site, visit www.FAIWealth.com or on the SEC's website at https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=632520

first days of January, April, July, and October. Fees are calculated using the asset value on the last day of the previous calendar quarter as reported by the custodian. Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisors for similar or lower fees. For more detailed information about our investment advisory and other fees and expenses, please see Item 5 in our [Form ADV Part 2A](#). Your account will be held with a qualified custodian. You will also be responsible for the fees and expenses charged by qualified custodians and imposed by broker dealers. Those fees and expenses include but are not limited to, transaction charges, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. If your assets are invested mutual funds, ETFs, or other registered and unregistered investment companies, you will bear your pro rata share of the investment management fees and other fees of the funds, which are in addition to the fees you pay us. These fees and expenses are described in each fund's prospectus or other offering documents. Additionally, when beneficial to the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian. FAI, in its sole discretion, may waive its asset minimum. Thus, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisors for similar or lower fees. 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.

Conversation Starters:

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?

For more detailed information about our fees and costs related to our management of your account, please see Item 5 in our [Form ADV Part 2A](#).

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 a fiduciary obligation 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. We must eliminate these conflicts or tell you about them in a way you can understand, so that you can decide whether or not to agree to them. Here are some examples to help you understand what this means:

- * We may recommend that you engage a particular custodian from whom we receive support services. This presents a conflict of interest, because our receipt of their support make us more inclined to continue using and recommending them.
- * We may recommend rollovers out of employer-sponsored retirement plans and into Individual Retirement Accounts that we manage for an asset-based fee. If we don't currently manage your account held with your employer's plan, this will increase our compensation.

Conversation Starters:

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

For more detailed information about our *conflicts* of interest, please review Item 4, 5, 10, 11, and 12 of [Form ADV Part 2A](#).

How do your financial professionals make money?

Our financial professionals are generally compensated on a salary basis. Certain employees are eligible to receive a discretionary bonus for a direct referral of a new portfolio management client. You will not be charged additional fees as a result of this arrangement. We do not receive any compensation from any third party in connection with providing investment advice to you. Neither the firm nor its employees receives commissions or bonuses from any investment company. You should discuss your financial professional's compensation directly with your financial professional.

Item 4 – Disciplinary History

Do you or your financial professionals have legal or disciplinary history? No.

We encourage you to visit www.investor.gov/CRS to research our firm and our financial professionals. Furthermore, we encourage you to ask your financial professional: *"As a financial professional, do you have any disciplinary history? If so, for what type of conduct?"*

Item 5 – Additional Information

Additional information about our firm is available on the SEC's website at www.adviserinfo.sec.gov. You may contact our Chief Compliance Officer, Drew Smith, at any time to request a current copy of your Form ADV Part 2A or our relationship summary. Our Chief Compliance Officer may be reached by phone at (410) 715-9200.

Conversation Starters:

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

Our Form ADV is available on our Web site, visit www.FAIWealth.com or on the SEC's website at https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=632520