

Form CRS

June 2020

Introduction

CARROLL FINANCIAL ASSOCIATES INC is registered with the Securities and Exchange Commission as an investment adviser. Fees for brokerage and investment advisory services differ among broker-dealers and investment advisers and it is important that you understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.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 services to retail investors through individuals we refer to as “financial professionals”. These services include asset management programs (including wrap asset management programs), financial planning, general consulting, and selection and monitoring of third-party investment managers. Many of our financial professionals offer brokerage services through Cetera Advisor Networks LLC (“Cetera”) in addition to providing investment services through us. Some of our financial professionals offer other non-investment services such as sales of insurance, tax-preparation, and book-keeping.

If you choose to engage us for [portfolio management services](#), you will open an advisory account. We provide ongoing investment advice and monitoring of the investments in your advisory account. We will meet with you, either in person or by another agreed-upon method, no less than annually to review your portfolio. Some of our asset management programs have minimum investment amounts. (Please see our Form ADV, Part 2A for additional information.)

- Our portfolio management services include acting as a sponsor and portfolio manager to the Carroll Financial Advisory Wrap Fee Program. As the sponsor of the program we organize and manage the program, including determining the portfolio managers that will be available within the program. As the portfolio manager for the wrap fee program, we provide the portfolio management services described.
- Our portfolio management services also include acting as a portfolio manager to wrap fee programs sponsored by Cetera Advisor Networks (“Cetera”) a registered broker-dealer, member FINRA/SIPC.
- You may choose to give us discretionary authority to determine the investments to buy and sell in your account. You may impose reasonable restrictions on our discretionary authority, which must be provided to us in writing and accepted by us. If you prefer, you may retain discretion and make the ultimate decision regarding the investments we purchase or sell in your account.

If you choose to engage us for [financial planning services](#), we will provide advice and recommendations regarding your financial situation, such as your investment goals and objectives, personal balance sheet, tax planning, retirement, education, cash flow and investment planning. We do not monitor your investments and you make the ultimate decision regarding the purchase or sale of investments.

Our investment services also include the publication of newsletters and educational seminars. We do not have any investment authority as a part of these services.

Our investment advice is not significantly limited to proprietary products or to a significantly limited menu of products.

You are encouraged to ask us questions including the following to help you better understand our services: *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?

Please ask your financial professional to give you personalized information on the fees and costs you will pay. Our fees are negotiable and vary depending on the advisory service and/or program selected. Fees and costs affect the value of your account over time.

For portfolio management services, we charge a percentage of assets under management. These fees are paid on a quarterly basis either in advance or arrears. You should be aware that the more assets there are in your account, the more you will pay in fees. This means we have an incentive to encourage you to increase the assets in your account.

For financial planning and/or consulting services, we charge hourly and fixed fees. These fees are typically billed after we complete our engagement, unless otherwise arranged and agreed upon with you.

You should carefully review our [Form ADV, Part 2A Brochure](#), particularly Items 4 and 7, or our Part 2A Appendix 1 [Wrap Fee Brochure](#), for more detailed information about our services.

Asset-based fees associated with a wrap fee program will include most transaction costs and fees paid to a broker-dealer or custodian. A wrap fee program could cost more than paying separately for advice and transactions. For accounts that are not part of a wrap fee program, you will pay an asset-based fee and a transaction fee when you buy or sell an investment.

In addition to our fees, you may or may not incur additional fees and costs, such as custodian fees, account maintenance fees, transaction costs, surrender charges, wire transfer and electronic fund fees, internal management fees of mutual funds and variable annuities, and other product related fees such as redemption fees. The fees applicable to each type of advisory program are set forth in the advisory agreement for that program and are summarized in our Form ADV, Part 2A.

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.

You should carefully review our [Form ADV, Part 2A Brochure](#), particularly Item 5, or our Part 2A Appendix 1 [Wrap Fee Brochure](#), to understand the fees and costs you will pay.

You are encouraged to ask us questions including the following to help you better understand the impact of fees and costs on investments: *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.

- We receive client referrals from third parties to whom we pay referral fees. This is a conflict of interest because we have an incentive to pay referral fees so that the third parties will refer clients to us that they otherwise might not refer to us.
- We are the index provider for an exchange traded fund (“ETF”) and receive a license fee for providing the index. The license fee is based on total assets in the ETF; however, the license fee amount excludes our client’s assets within the ETF. We will only invest clients in the ETF who are suitable based on risk tolerance and objective, among other factors.

You are encouraged to ask us questions including the following to help you better understand our conflicts of interest: *How might your conflicts of interest affect me, and how will you address them?*

How do your financial professionals make money?

Our financial professionals may be compensated based on one or more of the following factors: the amount of retail investor assets they service, the time and complexity required to meet a retail investor’s needs, the investments sold to you, sales commissions on certain investments, and revenue the firm earns from the financial professionals’ advisory services or recommendations.

You should carefully review our [Form ADV, Part 2A Brochure](#), particularly Items 10, 11, and 12, or our Part 2A Appendix 1 [Wrap Fee Brochure](#) for more detailed information about our conflicts of interest.

There are conflicts of interest associated with the compensation that we and our financial professionals receive. (Please see our Form ADV, Part 2A for additional information.) We have adopted conflict mitigation practices that are tailored to the nature and scope of our conflicts of interest where we believe they are necessary. We are fiduciaries to you. This means we are required to act in your best interest throughout our entire advisory relationship.

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

Yes, some of our financial professionals have legal and disciplinary disclosures. Please visit Investor.gov/CRS for a free and simple search tool to research our firm and your financial professional.

You are encouraged to ask us questions including the following to help you better understand our disciplinary history: *As a financial professional, do you have any disciplinary history? For what type of conduct?*

Additional Information

You should carefully review our [Form ADV, Part 2A Brochure](#) or our Part 2A Appendix 1 [Wrap Fee Brochure](#) for additional information about our services. You may request updated information and a copy of our Relationship Summary by contacting us at (704) 553-8006 or cfa@carrollfinancial.com

You are encouraged to ask us questions including the following to help you better understand who to contact with any questions or complaints: *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?*