

Item 1: Cover Page



Direction Financial Management, LLC
A Wisconsin Registered Investment Advisor

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Firm Brochure
Form ADV Part 2A
March 20, 2017

This brochure provides clients and prospective clients with information about Direction Financial Management, LLC and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client. If you have any questions about the contents of this brochure, please contact Diane Esser at (414) 333-3396.

The contents of this brochure have not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any other state or federal authority.

Additional information about Direction Financial Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

While the firm is an investment adviser registered with the State of Wisconsin, it does not imply a certain level of skill or training on the part of the firm or its associated personnel.

Throughout this document, Direction Financial Management, LLC will be referred to by the following terms: "Direction Financial Management," the "firm," "we," "it," "its," "us," or "our." The client or prospective client will be referred to those terms as well as "you," "your," etc., and refers to a client engagement involving a single person as well as two or more persons. The term "advisor" and "adviser" are used interchangeably where accuracy in identification is necessary (i.e., Internet address, etc.).

Item 2: Material Changes

Annual Update

The purpose of the Material Changes section is to call attention to material changes in our disclosure brochure since its last delivery to you or since the last posting of this document on the SEC's public disclosure website: www.adviserinfo.sec.gov. The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure. Whenever we make material changes in this brochure in the future, we will send clients a summary of those changes along with an offer to send a copy of the full Brochure at no charge.

Material Changes since the Last Update

No material changes were made since its most recent brochure dated March 17, 2016.

Full Brochure Available

Whenever you would like to receive a complete copy of the Firm Brochure, please contact Diane Esser at (414) 333-3396 or email the firm's Chief Compliance Officer at diane@directionforyou.com.

Alternatively, clients may download this brochure from the SEC's website at www.adviserinfo.sec.gov or the firm's website at www.directionforyou.com.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

Item 3: Table of Contents

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Item 4 – Advisory Business

A. Description of Advisory Firm

Direction Financial Management, LLC is a Wisconsin-domiciled limited liability company that was organized in 2012 and has been registered as an investment adviser with the State of Wisconsin, Department of Financial Institutions, since 2013.

The firm provides fee-only financial planning and investment consultation services to individuals, families, and trusts. We may also provide investment advice to pension and profit sharing plans and plan participants as well as to foundations and other institutions, and to business entities. Depending upon each client's unique circumstances or specific request, these services may be broad-based or focused on particular areas of interest or need, and may include but are not limited to risk management, retirement and education funding, cash flow management, debt reduction, investment analysis, asset allocation and selection, tax planning and estate planning.

The firm holds itself to a *fiduciary standard* which means Direction Financial Management and its associates will act in the utmost good faith and performing in a manner believed to be in the best interest of the client. As investment advisers we are *legally required* to put you, the client, first and to disclose conflicts of interest.

While Direction Financial Management does not have assets directly under its management, we do provide implementation assistance and direction as requested by our clients to reinforce plan follow-through. Approximately 70% of the firm's efforts are oriented toward "non-securities advice" which includes: cash-flow, risk management, college and retirement funding, estate planning, tax planning, asset allocation and investment selection, among other matters. An estimated 30% of the firm's advisory activities involve providing investment consultation with respect to client portfolios; these consultative services do not involve continuous investment monitoring (sometimes called "investment management" or "investment supervisory services.")

Direction Financial Management is strictly an independent, fee-only advisory firm offering financial planning and investment consultation services. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

B. Type of Advisory Services

Financial Planning Process

Our process begins with a complimentary "get acquainted" meeting. During this meeting, we gain an understanding of our client's personal goals, financial needs and objectives, and any areas of concern; this information helps us determine the scope of services to be provided. Prior to this initial meeting, a current ADV Part 2 Brochure, which includes the firm's Privacy Policy, will be delivered to the client. At the end of the meeting, the client will be provided with a fee estimate based upon the proposed scope of services, as well as a list of additional materials needed to continue the plan.

Should the client wish to engage Direction Financial Management for its services, the client and the firm must execute a written client agreement. Once a client agreement is in effect, further discussion takes place to obtain additional information and clarification on the client's financial needs, goals, current holdings, and other information needed for the firm to analyze the situation and offer advice

and planning. Financial advice and/or plans are based upon the information a client or client's legal agent provide, and reflect each client's financial situation at the time the plan is presented. In performing its services the firm may, but is not required to, verify any information received from the client or from his/her legal agents. Once the necessary information is obtained, we will analyze the data, make projections based on current assumptions, and perform "what if" analysis if needed to determine if the client's goals can be met.

After the plan has been prepared, we present the analysis to each client with a summary of significant observations, assumptions and recommendations covering each area for which the client engaged us to provide advice. Upon the completion of this presentation the engagement is concluded. It is the client's responsibility to implement the recommendations. However, Direction Financial Management will assist the client upon request. The client may re-engage the firm as needed for ongoing assistance and financial check-ups. It is the client's responsibility to initiate these additional engagements, which we believe will aid in monitoring the client's situation to ensure they are on target and to make any adjustments needed should circumstances, objectives, or risk tolerance change. The firm is not obligated to monitor the accounts of incidental services clients or otherwise provide future services unless the client specifically requests such services and the firm agrees. Such services will be offered under a new or amended agreement.

Clients retain absolute discretion over all implementation decisions, and they are free to accept or reject any recommendation made by the firm. Further, it remains each client's responsibility to promptly notify Direction Financial Management if there is any change in their financial situation or investment objectives for the purpose of evaluating or revising the firm's previous recommendations.

Financial Planning Services

Direction Financial Management offers financial planning and investment consultation services which may be either broad based or more narrowly focused, depending on each client's needs and wishes. Advice is offered on subjects including cash flow and debt management, risk management, college and retirement funding, estate planning, tax planning, asset allocation and investment selection, and other specific needs as indicated by the client. Such services typically involve providing a variety of advice regarding the management of financial resources, based upon the analysis of individual needs. When financial planning services focus only on certain areas of client interest, however, the client must understand that their overall financial situation or needs may not be fully addressed due to the limitations they have established.

Future periodic reviews are recommended, and it is the client's responsibility to initiate these meetings.

Investment Consultation Services

If engaged for investment consultation, Direction Financial Management designs a customized portfolio deemed appropriate for the client's objectives and tolerance for risk. Whenever practical, or requested, Direction Financial Management will assist the client in preparing an investment policy statement (IPS), or similar document, reflecting the client's investment objectives, time horizon, risk tolerance, as well as policy or investment constraints. The IPS will be designed to be specific enough to provide ongoing guidance while concurrently allowing flexibility to respond to changing market conditions. Since the IPS will to a large extent be a product of information and data provided by the client, the client shall be responsible for review and final approval of the statement.

Each portfolio is customized based on the needs of the client. The firm generally employs Modern

Portfolio Theory as part of its investment strategy which is described in further detail in Item 8 of this brochure. Existing positions within a client account containing various holdings will be evaluated and maintained when deemed appropriate. The firm may recommend portfolio rebalancing in an attempt to maintain optimal allocation while minimizing tax exposure and transactional costs.

Engagements involving investment consultation services conclude upon delivery of investment consultation or portfolio design/allocation plan. Thereafter, existing clients may engage Direction Financial Management for its investment consultation services on an as-needed basis. Periodic reviews are recommended, and it is the client's responsibility to initiate these meetings.

Income Tax Preparation

If Direction Financial Management, LLC is engaged for either narrow-based or broad-based financial planning services, it may offer the preparation of income tax returns at the client's request. Combining income tax preparation with financial planning may assist clients with a thorough, coordinated understanding of their finances. Tax return preparation is performed by qualified firm personnel through a department of Direction Financial Management as further described in Item 5 of this brochure.

Educational Workshops

Direction Financial Management, LLC may provide educational outreach workshops to promote financial literacy. We also may provide educational workshops for groups desiring general advice on investments and personal finance. Topics may include but are not limited to wealth management, financial planning, retirement strategies, or various other economic and investment topics.

Educational workshops or programs we conduct are purely educational in nature and do not involve the sale of any investment products. The information presented at these events is not based on any Individual person's need, and we do not provide individualized investment advice to attendees during these sessions.

General Information

Direction Financial Management does not provide advice involving accounting and legal matters. With your consent, the firm may work with your other professional advisers (accountant, attorney, etc.) to assist with coordination and implementation of agreed upon strategies. Also, while Diane Esser is not licensed to provide life insurance or property and casualty insurance, she will work with other professionals to best determine solutions to your needs in these areas. You should be aware that these other professional advisers we work with will bill you separately for their services, and these fees will be in addition to those of Direction Financial Management.

While Direction Financial Management uses its best judgment and good faith effort in rendering its services to its clients, we cannot guarantee any particular level of account performance, or that any account or any individual investment will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, the firm will not be liable to the client, heirs, or assigns for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by the firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from the firm's adherence to the client or their legal agent's direction; or any act or failure to act by a service provider maintaining an account.

Notwithstanding the preceding, nothing within the client services agreement or this Brochure is intended to diminish the firm's fiduciary obligation to act in the client's best interest, or shall in any way limit or waive any rights that clients have under federal or state securities laws or the rules promulgated pursuant to those laws.

C. Client Tailored Services

Each specific financial plan will be created on the basis of the client's individual financial situation and investment objectives and in accordance with any reasonable client-imposed restrictions.

D. Wrap Fee Program

Direction Financial Management does not participate in any wrap fee programs.

E. Assets Under Management

Direction Financial Management does not manage client assets. Therefore, as of December 31, 2015, Direction Financial Management had \$0 in assets under management.

Item 5 – Fees and Compensation

A. Fee Schedule

Financial Planning and Investment Consultation Services

Due to the unique situation of each client, our services are generally provided on an hourly or fixed fee basis, calculated based on the firm's current rate of \$220 per hour. The services to be provided and the total estimated fee to be charged will be determined on a case-by-case basis, and detailed in the client agreement. Total estimated fees will typically be determined by the complexity of each client's financial situation and the scope of services to be provided.

Alternatively, and at the firm's discretion, a fixed fee may be assessed for financial planning based on the complexity of the client's issues. The fee is generally determined by multiplying the anticipated number of hours estimated to provide the requested services by the firm's current hourly rate.

Direction Financial Management may require a retainer of one-half the uppermost estimated engagement fee or \$1,200, whichever is less, in order to initiate the project. Any engagement fees or project balances are due and payable upon delivery of the plan or advice.

Fees are negotiable at the discretion of Direction Financial Management. We reserve the right to waive or reduce certain of our fees based on unique individual circumstances, special arrangements, pre-existing relationships or as otherwise determined by Diane Esser.

Income Tax Preparation Services

A separate fee for income tax return preparation services will be quoted for work to be performed by a department of Direction Financial Management and is not included in this brochure.

Fees for Educational Workshops

Direction Financial Management may conduct educational outreach workshops to promote financial literacy. These workshops are open to the public and are free of charge. In addition, we may conduct group educational workshops for which we may impose a fee. In most cases, the employer, civic or

non-profit group sponsoring the workshop pays any such fee, and the individual attendees are not charged. Typically, the fee is a fixed amount due at the time of the session. In the event that workshop attendees would be required to pay a fee, the amount of the fee would be clearly disclosed in the event's announcement and/or invitation.

B. Client Payment of Fees

Hourly financial planning fees are paid by check. From time to time major credit card or other electronic remittance service is available. Cash or cash equivalents (money orders) will not be accepted.

C. Additional Client Fees Charged

Recommendations, Including No-Load Products

Direction Financial Management is a fee only hourly planning firm. Our investment approach is based on the employment of "no load" mutual funds and ETFs – in other words, those for which clients would not be charged a sales commission. In some cases, however, such as with certain insurance products, there may not be a suitable selection of no-load products available for recommendation; in those circumstances we will seek "low-load" products whenever possible. We also may be limited by the investment choices available in a client's 401(k) or other retirement plan. In any case, however, neither the firm nor its associates will be paid a commission on the purchase of an insurance or investment product.

The products we recommend do involve charges of their own, however. The fees clients pay to Direction Financial Management for our services are completely separate and distinct from any charges that clients may pay for mutual funds, exchange-traded funds (ETFs), exchange-traded notes (ETNs), or other similar investments. Direction Financial Management does not receive "trailer" or 12b-1 fees from any investment company recommended. Fees charged by any of these companies are detailed in prospectuses or product descriptions provided to the client. Clients are encouraged to read and consider these documents carefully before investing.

D. Termination of Services

Either party may terminate the agreement at any time; such termination will typically be in writing. Should the client verbally notify Direction Financial Management of the termination and, we do not receive a written termination notice from the client within two business days, Direction Financial Management will document the client's instructions to terminate the relationship in our records, and will send a written termination notice to the client. The firm is not responsible for future allocation recommendations or advice upon termination notice.

Our policy is to allow a new client to terminate an agreement with the firm without penalty or charge within five business days after the signing of the client services agreement. For terminations that occur after the first five days following signing of the client services agreement, a *pro rata* portion of any prepaid, unearned fees will be promptly returned to the client following receipt of termination notice.

E. Outside Compensation for the Sale of Securities to Clients

Neither Direction Financial Management nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds. The only compensation Direction Financial Management receives is the fees charged directly to clients for services provided.

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

Due to conflict of interest, Direction Financial Management does not accept any performance-based fees. The firm does not participate in any side-by- investment management arrangements.

Item 7 – Types of Clients

Direction Financial Management provides its services to individual investors, trusts, estates, charitable organizations, and businesses. Our clients include single investors, families, retirees, professionals, executives and small business owners. We do not require minimum income levels, a minimum level of assets, or other conditions for our financial planning and investment consultation engagements.

Direction Financial Management’s ability to provide the best service and advice depends on access to information. Accordingly, clients are expected to provide an adequate level of information and supporting documentation to the firm throughout the engagement. This allows the firm to determine the appropriateness of its financial planning or a recommended investment strategy for the client or account, the client’s source of funds and/or income levels, the client’s or legal agent’s authority to act on behalf of the account, among other matters.

The firm reserves the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, pre-existing relationships or as otherwise may be determined by a firm principal. The firm also reserves the right to decline services to any prospective client for any non-discriminatory reason.

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

A. Methods of Analysis

If Direction Financial Management is engaged to provide investment advice, the firm will first gather and consider several factors, including your:

- current financial situation and life stage,
- current and long-term needs,
- investment goals and objectives,
- tolerance for risk,
- level of investment knowledge, and
- concerns involving particular investments (i.e. socially-conscious, etc.).

Typically, the firm employs a fundamental analysis to develop investment strategies. This includes evaluating economic factors such as interest rates, current state of the economy, future growth of an issuer or sector, among others.

Research and recommendations may be drawn from sources that include financial publications, investment analysis and reporting services, research materials from outside sources, annual reports, prospectuses or other regulatory filings, and company press releases.

B. Investment Strategies

Direction Financial Management views the market as generally efficient and holds to a long-term, buy-and-hold (passive) Investment philosophy. Strategic asset allocation across a diversified group of asset

categories (such as cash, short-term and intermediate-term bonds, domestic and international stocks, etc.) is a key factor in long-term portfolio performance and an important element in the investment strategy recommendation. The firm takes the position that periodic rebalancing of portfolio assets to maintain the recommended target asset allocation is also an important factor in long-term portfolio performance, and that generally annual rebalancing is recommended. A client may choose to rebalance more frequently based on their individual goals and circumstances.

The firm primarily recommends the use of index mutual funds and ETFs, or funds with characteristics similar to index mutual funds and ETFs, to provide broad diversification within asset categories. These investment vehicles generally aim to replicate well-known, widely-followed indices and are considered readily marketable.

Other types of mutual funds, including “loaded” and actively managed funds, may be recommended in instances where the client’s investment choices are limited, such as within employer-sponsored retirement plans, or when warranted by the client’s particular requirements and circumstances. Subsequently, certain client portfolios may hold a broad range of index mutual funds, ETFs, individual equity and fixed income holdings, certificates of deposit (CDs) and money markets, among others, to create as broad a diversification as necessary to meet demands of the portfolio or to effectively allocate pre-existing holdings.

The firm makes asset allocation and investment policy decisions based on these and other factors. The firm will discuss with you how, in its best judgment, to meet your objectives while at the same time seeking a prudent level of risk exposure.

C. Risk of Loss

The firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, it cannot warrant or guarantee that an investment objective or planning goals will be achieved. As an investor you must be able to bear the risk of loss that is associated with your account assets, which may include the loss of some or your entire principal. In general risks may include company, financial, market, currency, interest rate, liquidity, operational or political risk, among others. Examples include:

Company Risk

When investing in securities, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or industry. This is also referred to as unsystematic risk and can be reduced through appropriate diversification.

Financial Risk

Excessive borrowing to finance a business operation increases profitability risk 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.

Fundamental Analysis

The risk involved in employing fundamental analysis is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security’s value. If a security’s price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

Inflation Risk

When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

Management Risk

An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

Market Risk

When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called systemic or systematic risk.

Passive Market Strategies

When a portfolio employs a passive, efficient markets approach, an investor will need to consider the potential risk that the broader allocation may at times generate lower-than-expected returns than that from a specific asset, and that the return on each type of asset is a deviation from the market return for the asset class. It is felt that this variance from the "expected return" is generally low under normal market conditions if the portfolio is made up of diverse, low or non-correlated assets. Correlation refers to the extent in which prices move in the same direction, therefore, non-correlated investment strategies may be used within a portfolio to neutralize or counterbalance the risk should one or more types of holdings fall in value.

Research Data

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. Therefore, while the firm makes every effort to determine the accuracy of the information received, it cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

Socially Conscious Investing

If you require your portfolio to be invested according to socially conscious principles, you should note that a return on an investment of this type may be limited and because of this limitation you may not be able to be as well diversified among various asset classes. The number of publicly traded companies that meet socially conscious investment parameters is also limited, and due to this limitation, there is a probability of similarity or overlap of holdings, especially among socially conscious mutual funds or ETFs. Therefore, there could be a pronounced positive or negative impact on a socially conscious portfolio, which could be volatile compared to a fully diversified portfolio.

Equity (Stock) Market Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock, or common stock equivalents, of any given issuer, they would generally be exposed to greater risk than if they held preferred stocks and debt obligations.

ETF & Mutual Fund Risk

ETFs and mutual funds may carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. The risk of owning these types of holdings also reflects the risks of their underlying securities.

Fixed Income Risk

Various forms of fixed income instruments, such as bonds, money market funds, bond funds, and certificates of deposit, may be affected by various forms of risk, including:

Credit Risk

The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues.

Bondholders are creditors of an issuer and typically have priority to assets before equity holders (i.e. stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

Duration Risk

Duration is a measure of a bond’s volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher volatility than bonds with shorter durations.

Interest Rate Risk

The risk that the value of the fixed income holding will decrease because of an increase in interest rates.

Liquidity Risk

The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e. bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

Reinvestment Risk

With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

Index Investing

You will need to keep in mind that investment vehicles such as ETFs and indexed mutual funds have the potential to be affected by “tracking error risk,” which might be defined as deviation from a stated benchmark (index). Since the core of a portfolio may attempt to closely replicate a benchmark, the source of the tracking error (deviation) may come from a “sample index” that may or not closely align with the benchmark. In these instances, the firm may recommend reducing the weighting of a holding or use a “replicate index” position as part of the core holding to minimize the effects of the tracking error in relation to the overall portfolio.

QDI Ratios

While many ETFs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF or mutual fund portfolio), may be considered “non-qualified” under certain tax code provisions. The firm considers a holding’s QDI when tax-efficiency is an important aspect of the client’s portfolio.

Item 9 - Disciplinary Information

A. No Criminal or Civil Actions

Neither the firm nor any member of its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction related to past or present firm clients.

B. Administrative Enforcement Proceedings

Neither the firm nor any member of its management has been involved in any administrative enforcement action related to past or present firm clients.

C. Self Regulatory Organization Enforcement Proceedings

Neither the firm nor any member of its management have been involved in any self-regulatory organization enforcement proceedings related to past or present firm clients.

Item 10 – Other Financial Industry Activities and Affiliations

The firm’s policies require it and its personnel to conduct business activities in a manner that avoid actual or potential conflicts of interest between the firm, employees and clients, or that may otherwise be contrary to law. The firm will provide disclosure to its client prior to and throughout the term of an engagement of any conflicts of interest which will or may reasonably compromise its impartiality or independence.

A. Broker-Dealer or Representative Registration

Neither Direction Financial Management nor its affiliates and related persons are registered as a broker-dealer or as a registered representative of a broker-dealer.

B. Futures or Commodity Registration

Registered representatives with the firm are not affiliated with futures or commodity trading.

C. Material Relationships Maintained by Direction Financial Management and Conflicts of Interest

At this time, there are no reportable material relationships maintained by Direction Financial Management or any representatives of the firm. In the interest of full disclosure, the following relationships, though not considered material, have been listed.

Direction Financial Management is a member of the Garrett Planning Network, an organization that assists financial planners in fee-only planning practices. The Garrett Planning Network is not, nor believed required to be, a registered financial industry participant. The firm pays an annual membership fee to the Garrett Planning Network for extensive services that include their hosting training,

compliance and operational support to enhance the firm's ability to provide quality service and advice to the investing public.

Investment adviser representatives of the firm may also hold individual memberships or serve on boards or committees of professional industry associations or organizations, such as Financial Planning Association (FPA).

Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements.

The firm values community involvement. Our staff may have volunteer activities both within and outside the financial advisory industry. We evaluate each such volunteer activity internally and decline relationships that would impair our ability to work for the client and only for the client. We believe that volunteer work makes us better advisors. It can provide an opportunity to learn more about emerging trends in allied industries and also an opportunity to meet and work closely with leaders in allied fields.

D. Recommendation or Selection of Other Investment Service Providers and Products, and Conflicts of Interest

Direction Financial Management does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

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

A. Code of Ethics

The firm has adopted a Code of Ethics that establishes policies of ethical conduct for all personnel. Direction Financial Management accepts the obligation not only to comply with all applicable laws and regulations, but also to act in an ethical and professionally responsible manner in all professional services and activities. The firm's policies include prohibitions against insider trading, circulation of industry rumor, certain political contributions, among others.

CFP® designees, including Diane Esser, also adhere to the Certified Financial Planner Board of Standards Code of Ethics. These principles include:

Principle 1 – Integrity

An adviser will provide professional services with integrity. Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Advisers are placed by clients in positions of trust by clients, and the ultimate source of that trust is the adviser's personal integrity. Allowance can be made for innocent error and legitimate differences of opinion; but integrity cannot co-exist with deceit or subordination of one's principles.

Principle 2 – Objectivity

An adviser will provide professional services objectively. Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which an adviser functions, an adviser should protect the integrity of their work, maintain objectivity and avoid subordination of their judgment.

Principle 3 – Competence

Advisers will maintain the necessary knowledge and skill to provide professional services competently. Competence means attaining and maintaining an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Advisers make a continuing commitment to learning and professional improvement.

Principle 4 – Fairness

Advisers will be fair and reasonable in all professional relationships. Fairness requires impartiality, intellectual honesty and disclosure of material conflict(s) of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated and is an essential trait of any professional.

Principle 5 – Confidentiality

Advisers will protect the confidentiality of all client information. Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.

Principle 6 – Professionalism

Advisers will act in a manner that demonstrates exemplary professional conduct. Professionalism requires behaving with dignity and courtesy to all who use their services, fellow professionals, and those in related professions. Advisers cooperate with fellow advisers to enhance and maintain the profession's public image and improve the quality of services.

Principle 7 – Diligence

Advisers will provide professional services diligently. Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.

Due to the nature and scale of Direction Financial Management, not all organizational duties are segregated; however, we employ policies and procedures to ensure timely recordkeeping and supervision. We may outsource certain functions to assist in these efforts when necessary.

Direction Financial Management periodically reviews and amends our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually.

Direction Financial Management will provide of copy of its Code of Ethics to any client or prospective client upon request.

Privacy Policy

Direction Financial Management collects non-public personal financial information about its clients from the following sources:

- Information clients or their legal agent provide to complete their financial plan;
- Information clients provide in agreements, account applications, and other documents completed in connection with opening and maintenance of accounts;
- Information clients provide orally; and
- Information received from third parties, such as brokerage firms or custodians, about client transactions.

The firm does not disclose non-public personal information about clients to anyone, except in the following circumstances:

- When required to provide services clients have requested;
- When clients specifically authorize Direction Financial Management to do so in writing; or
- When permitted or required by law.

To ensure security and confidentiality, the firm maintains physical, electronic, and procedural safeguards to protect the privacy of its clients.

Identifiable information about the client or prospective client will be maintained during the span of the engagement and for the period thereafter as required by both securities industry and state privacy laws.

After that time, information will be destroyed under the firm's records destruction guidelines. The firm will notify its clients annually of its privacy policy and at any time, in advance, if its privacy policy is expected to change.

B. Investment Recommendations Involving Material Financial Interest and Conflicts of Interest

Direction Financial Management does not recommend that clients buy or sell any security in which a related person to the firm has a material financial interest. Due to this practice, there are no conflicts of interest in this area.

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

From time to time, representatives of the firm may buy or sell securities for themselves that they also recommend to clients. Direction Financial Management will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Personal Trading Practices

Direction Financial Management and its related persons may buy or sell securities similar to those recommended to clients for their accounts, and it may also make recommendations or take action with respect to investments for its clients that may differ in nature or timing from recommendations made to or actions taken for other clients or for its employees. At no time, however, will the firm or any related party receive preferential treatment over its clients.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading, firm policy may require the periodic utilization of published lists that restrict or prohibit transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the

firm principal in advance of the transaction in any related person's account. The firm maintains the required personal securities transaction records per regulation.

Item 12 – Brokerage Practices

A. Selection of Custodian and/or Broker/Dealers

Direction Financial Management is not affiliated with and does not maintain an ongoing agreement with a "service provider" such as a bank, custodian, or broker-dealer firm. When engaged to provide investment consultation services, we will first recommend the service provider with whom the client's assets are currently maintained. Should a client prefer a new service provider, our recommendation will be based on the need, overall cost, and ease of use for that particular client.

In light of the nature of its advisory services, the firm believes we are not obligated to conduct "best execution" assessments of client transactions under current guidelines. We will, however, periodically conduct an assessment of any service provider we recommend, to include the range of services and capabilities, reasonableness of fees, among other items, in comparison to other equivalent industry providers.

In certain circumstances, the firm may recommend the investment management or other services of an independent investment adviser; such an adviser may also act as or be affiliated with a qualified custodian, broker/dealer or trust company. A client should, therefore, thoroughly review any recommended investment adviser's ADV Part 2 brochure in order to understand that firm's brokerage practices.

B. Research and Other Soft Dollar Benefits

Direction Financial Management does not engage in any soft dollar arrangements. All compensation paid to Direction Financial Management is paid directly by our clients. We do not receive any additional monetary compensation when a client engages a recommended service provider. We may, however, receive certain non-cash benefits from discount brokers recommended to clients. These benefits may include electronic client statements and discounts on investment research, educational materials and software. It is our firm's policy to restrict non-cash ("soft dollar") compensation to products and services that directly enhance our ability to render quality advice to our clients.

C. Brokerage for Client Referrals

The firm does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

D. Directed Brokerage

Direction Financial Management does not engage in directed brokerage involving any of its accounts. Due to the nature of the firm's advisory services, each client is free to use any particular service provider to execute some or all of their transactions for his or her account. In these circumstances, the client will be responsible for negotiating the terms and/or arrangements for their account, and Direction Financial Management will not be obligated to conduct due diligence, seek better execution services or prices from these broker/dealers, or aggregate client transactions for execution.

E. Aggregating (Block) Trading for Multiple Client Accounts

Since Direction Financial Management is not directly engaged for continuous investment supervisory services, we do not aggregate or “batch” trades on behalf of client accounts.

Item 13 – Review of Accounts

A. Schedule For Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Client engagements with Direction Financial Management terminate upon our delivery of the plan or advice to the client. We do not automatically provide ongoing reviews, and are under no obligation to contact a client whose engagement was completed to recommend changes to his or her financial plan, or to any of the recommendations and advice provided in the past. Reviews are an important part of ensuring that a plan continues to meet a client’s needs, however, and we encourage all clients to re-engage us for periodic check-ups or portfolio reviews. Due to the “incidental” nature of the services offered by the firm, the client is responsible for initiating any such review, and may be required to sign a new or amended engagement agreement.

B. Reports and Frequency

If a client has opened and maintained an investment account on their own or with Direction Financial Management’s assistance, they will receive account statements sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where their investments are held. Clients are urged to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

Direction Financial Management may provide portfolio snapshot reports if engaged to provide periodic asset allocation or investment advice; the firm does not provide ongoing performance reporting under its financial planning and investment consultation services engagements. The client should compare any such report received from the firm to their account statement.

Item 14 – Client Referrals and Other Compensation

Direction Financial Management does not engage in solicitation activities as defined by Rule 206(4)-3 of the Investment Advisers Act of 1940 (as amended), or similar state statute, nor does it pay a direct or indirect fee for referrals.

As noted earlier, Direction Financial Management and associated personnel may be members of the Garrett Planning Network and other professional associations, such as the FPA and NAPFA. An added benefit these entities may provide to the investing public is the availability of an electronic map or listing on their website that allows interested parties (prospective clients) to search for participant firms (such as Direction Financial Management, LLC) or individual financial planners within a selected state or region. The map or list may note advisory firm or individual financial planner contact information, and these passive websites may also provide means for interested persons to contact a firm or planner via electronic mail or telephone number so that the interested person may interview the participant firm or planner. Members of the public may also choose to telephone association staff to inquire about a firm or individual planner within their area, and would receive the same or similar information.

Prospective clients locating Direction Financial Management or an individual associate via a noted venue are not actively marketed, nor do clients or prospective clients pay more for their services than other clients who may be referred in another fashion, such as a personal referral. Further, the firm does not pay these entities for prospective client referrals nor is there a fee-sharing arrangement reflective of a solicitor agreement.

Direction Financial Management may provide referrals to other appropriately registered investment advisory firms (such as money managers), and various other professionals as a service to its clients. The firm does not have an agreement with or receive referral fees from any other advisers for these referrals. Any fees charged by these entities are completely separate from fees charged by Direction Financial Management.

Item 15 – Custody

All client funds and securities will be maintained by unaffiliated, qualified custodians such as banks, broker-dealers, mutual fund companies, or transfer agents, and not with or by Direction Financial Management or any of its associates. We do not have, and will not accept, custody of client funds or securities.

In keeping with our policy of not having custody of client funds or securities:

- Firm policies restrict Direction Financial Management and our associated persons from acting as trustee for or having full power of attorney over a client account.
- We do not collect fees for services to be performed more than six months in advance and in excess of \$1,200.
- At no time will a firm employee be authorized to have knowledge of a client's account access information (i.e., online 401(k), personal brokerage, or bank accounts), even for the convenience or accommodation of the client or the client's legal agent. "View Only" access to client brokerage accounts is authorized via the custodian's limited power of attorney which must be approved by the accountholder.

Clients will be provided with transaction confirmations and summary account statements provided directly by their selected service provider. Typically, these statements are provided on a monthly or quarterly basis, or as transactions occur.

Item 16 – Investment Discretion

Direction Financial Management does not directly provide continuous investment management or investment supervisory services, nor does the firm engage in discretionary trading within a client account. The client maintains complete discretion over his or her account, investment decisions, and transactions at all times. The client retains sole responsibility for financial decisions, and is under no obligation to follow, either wholly or in part, any recommendation or suggestion provided by Direction Financial Management.

Item 17 – Voting Client Securities

Proxy Voting

The firm does not vote client proxies or advise clients on how to vote their proxies. Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to the client's investment assets.

Other Corporate Actions

Direction Financial Management has no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

Firm's Receipt of Materials

If Direction Financial Management receives correspondence for a client relating to the voting of his or her securities, class action litigation, or other corporate actions, it will typically forward the correspondence to the client, or to another entity such as the client's attorney, if directed by the client to do so.

Item 18 – Financial Information

A. Balance Sheet

Due to the nature of Direction Financial Management's services, an audited balance sheet is not required nor included in this disclosure. No further material financial information is required to be provided.

B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

Direction Financial Management does not have any financial issues either current or pending that would impair its ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

Neither the firm nor its management has ever made a bankruptcy petition.

Item 19 – Requirements for State-Registered Advisers

A. Principal Executive Officers and Management Persons

Diane Esser is the firm's managing member, sole shareholder and designated principal (supervisor). Refer to the Part(s) 2B for background information about management personnel and those giving advice on behalf of our firm.

B. Other Business Activities Engaged In

Neither our firm, nor any of our Associated Persons have a material relationship or arrangement with any issuer of securities.

C. Performance Based Fee Description

Neither our firm, nor any of our Associated Persons are compensated for advisory services with performance-based fees. Please refer to Item 6, "Performance-Based Fees and Side-By-Side Management" above for additional information on this topic.

D. Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons

Neither our firm, nor any of our Associated Persons have any reportable arbitration claims, civil, self-regulatory organization proceeding or administrative proceeding.

Part 2B: Brochure Supplement (Advisory Personnel)



Brochure Supplement

March 20, 2017

Direction Financial Management, LLC
Diane L. Esser, CPA, CFP[®], RICP[®], ChFEBCSM
Managing Member

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Germantown, WI, 53022

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<http://www.directionforyou.com>

This brochure supplement provides information about Diane L. Esser that supplements the Direction Financial Management, LLC brochure. You should have received a copy of that brochure. If you did not receive a brochure for Direction Financial Management, LLC or if you have any questions about the contents of this supplement, please contact us at diane@directionforyou.com.

Additional information about Direction Financial Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Principal Executive Officer

Managing Member/Firm Principal/Financial Planner/Investment Adviser Representative
Diane L. Esser, CPA, CFP®, RICP®, ChFEBCSM (b. 1970)

Educational Background and Business Experience

Educational Background

University of Phoenix (Waukesha, WI); Masters of Business Administration

University of Wisconsin-Milwaukee; BBA Accounting

CERTIFIED FINANCIAL PLANNER™ Professional (CFP®)¹

Certified Public Accountant (CPA)²

Retirement Income Certified Professional (RICP®)³

Chartered Federal Employee Benefit Consultant (ChFEBCSM)⁴

Business Experience

Principal/Financial Planner – Direction Financial Management, LLC (2012-Present)

Financial Planner – Ellenbecker Investment Group, Inc. (May 2012 – October 2012)

Tax & Financial Planning Consultant – Kyle Financial Services (Jan 2011 – May 2012)

Tax Specialist/Paraplanner – Hogan Financial Management, LLC d/b/a PaulaHogan (2007 – 2010)

Item 3 – Disciplinary Information

Ms. Esser has not been the subject of any disciplinary action that would require disclosure.

Item 4 – Other Business Activities

Ms. Esser is a licensed Certified Public Accountant and spends part of her time and effort engaged in the tax practice of Direction Financial Management, LLC. Certain clients may maintain a relationship with both the financial planning and tax practices of the firm, which will be provided under separate agreements. No referral fee or other incentive compensation arrangement exists should clients have a relationship with or seek the service of both of these entities.

Item 5 – Additional Compensation

Ms. Esser does not receive any compensation other than from Direction Financial Management, LLC.

Item 6 – Supervision

Ms. Esser serves in multiple capacities with the firm: Managing Member, Firm Principal, Financial Planner and Investment Adviser Representative and as Chief Compliance Officer she is responsible for the supervision of the firm's advisory services activities and any of its staff. The firm recognizes that not having all organizational duties segregated may potentially create a conflict of interest. To address any such potential conflicts, Direction Financial Management, LLC employs policies and procedures to ensure timely, accurate record keeping and supervision. Certain functions may be outsourced to qualified entities to assist in these efforts when deemed necessary.

Questions relative to the firm, staff, its services, or this ADV Part 2 or its Advisory Personnel Supplemental Brochure may be made to the attention of Ms. Diane Esser at (414) 333-3396.

Additional information about the firm, other advisory firms, or an associated representative is available at www.adviserinfo.sec.gov. A search for firms or associated personnel can be accomplished by name or firm identifier, known as an IARD number. The IARD number for Direction Financial Management, LLC is 165985.

The business and disciplinary history of an investment advisory firm and its representatives may also be obtained by calling the Wisconsin Division of Securities at (608) 266-1064.

Item 7 – Requirements for State-Registered Advisers

There have been neither arbitration awards nor any awards where Direction Financial Management, LLC or Diane Esser has been found liable in any civil, self-regulatory or administrative proceeding. Neither the firm nor Diane Esser has been the subject of any bankruptcy petition.

¹The **CERTIFIED FINANCIAL PLANNER™**, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

²**Certified Public Accountants (CPAs)** are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination.

In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA’s Code of Professional Conduct within their state accountancy laws or have created their own.

³ Candidates for the **Retirement Income Certified Professional (RICP®)** designation must complete a minimum of three college-level courses and are required to pass a series of two-hour proctored exams. They must also have three years of experience, meet stringent ethics requirements, and participate in The College’s continuing education program.

The RICP® educational curricula is the most complete and comprehensive program available to professional financial advisors looking to help their clients create sustainable retirement income. The rigorous three-course credential helps advisors master retirement income planning, a key focus area not fully covered in other professional designation programs. From retirement portfolio management techniques and mitigation of plan risks to the proper use of annuities, employer-sponsored benefits and determining the best Social Security claiming age, the RICP® provides a wealth of practical information for advisors.

Using the most current techniques, RICP®'s identify retirement income needs and objectives and evaluate a client's current situation relative to those goals. Individuals who earn a RICP® can provide expert advice on a broad range of retirement topics including income needs and objectives, estate issues and other risks to the retirement income planning, Social Security, health insurance and housing decisions, and income taxation.

The American College is the nation's largest non-profit educational institution devoted to financial services. Holding the highest level of academic accreditation, The College has served as a valued business partner to banks, brokerage firms, insurance companies and others for over 86 years. The American College's faculty represents some of the financial services industry's foremost thought leaders. For more information, visit TheAmericanCollege.edu.

⁴ A ChFEBCSM (**Chartered Federal Employee Benefits Consultant**) is a prestigious designation for Financial Advisors, CPAs, Attorneys, and certain employees of the Federal Government, who have successfully completed an intensive training course and passed a rigorous examination covering all federal employee benefits. The training consists of a 17 module assignment curriculum. The ChFEBCSM course covers all federal employee benefits including: • CSRS and FERS annuities (pensions) • Health Insurance • Thrift Savings Plan • Social Security • Life Insurance • and much more. This designation requires an annual examination on federal benefits. They are required to stay up-to-date on the ever changing Federal Government Benefits Programs. They have extensive knowledge about FERS, CSRS, and Special Provisions (LEO, FF, ATC, CBPO, MRT).