

**Introduction**

Heritage Way Advisors, LLC is registered with the Securities and Exchange Commission (SEC) as an investment adviser.

Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://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?**

Our firm offers investment management services to retail investors.

Investment management services include investing your account and providing financial advice based on your circumstances. We offer our investment management services on a discretionary basis (referred to internally as “Investment Management Services”). When engaged on a discretionary basis, we buy and sell investments in your account as appropriate without requiring your pre-approval on an ongoing basis. When engaged on a nondiscretionary basis, you make the ultimate decision regarding the purchase or sale of investments. As part of our standard service, we monitor your account at least quarterly.

We generally require a minimum account size of \$1,000,000 for these services. This minimum is negotiable under certain circumstances.

**For additional information, please see Items 4 and 7 of our Form ADV, 2A Brochure (Part 2A) available at: [https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd\\_iapd\\_Brochure.aspx?BRCHR\\_VRSN\\_ID=623719](https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=623719)**

**Conversation Starter.** We encourage you to ask your financial professional:

- *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?**

Our fees are generally assessed quarterly, in advance, as agreed, and are disclosed in our Form ADV Part 2A at Item 5.

Portfolio Management Services fees are calculated as a percentage of assets under management, according to a tiered schedule. Clients pay an annual rate of 1.0% for the first \$1 million with a decreasing rate associated with each of two additional tiers based on total assets managed in the account.

It is important to understand that the more assets held in your account, the more you will pay in fees. We therefore have an incentive to encourage you to increase the assets in your account.

In addition to the fees listed above, there are other fees and costs related to our portfolio management services that you will pay directly or indirectly. Examples of the most common additional fees and costs include custodial and brokerage fees, including commissions. Mutual funds and exchange-traded funds also charge management fees, which are separate from the fees assessed by our firm.

**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.**

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**Conversation Starter.** We encourage you to ask your financial professional:

- *Help me understand how these fees and costs might affect my investments. If I give you \$1,000,000 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 providing recommendations as my broker-dealer or 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 recommendations and investment advice we provide you. Here are some examples to help you understand what this means.

- As mentioned above, the more assets you have in your account, the more we receive in fees. We therefore have an incentive to encourage you to increase the assets in your account.
- In addition, as mentioned, our minimum account size is negotiable under certain circumstances and at our discretion. Should we agree to waive this minimum account size, we would receive less compensation for services provided. We, therefore, have a disincentive to waive this minimum.
- We receive various benefits as a result of our relationship with Schwab Advisor Services. These benefits include access to technology, research, training, business resources, and block trading, among others. Thus, we have an incentive to custody client accounts with Schwab rather than another custodian.

**Conversation Starter.** We encourage you to ask your financial professional:

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

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## How do your financial professionals make money?

Our financial professionals are compensated through an agreed upon salary. In addition, some of our financial professionals are also firm owners who share the firm's profits. In theory, this could incent them to maximize profits by trading aggressively or focusing on new client or asset acquisition instead of servicing existing accounts or by reducing expenses in a way that harms our ability to service clients.

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

Neither our firm nor our financial professionals have any legal or disciplinary history. Visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starter.** We encourage you to ask your financial professional:

- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

## Additional Information

If you would like additional, up-to-date information or a copy of this relationship summary or our Form ADV, Part 2A Brochure, you can go to our firm's website: [www.heritagewayadvisors.com](http://www.heritagewayadvisors.com) or please call 815-397-0900.

**Conversation Starter.** We encourage you to ask your financial professional:

- *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?*