

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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June 21, 2011

This brochure provides information about the qualifications and business practices of Stephen L. Gray dba Financial Planning Services. If you have any questions about the contents of this brochure, please contact Mr. Gray at 281-363-1680. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about this firm is available on the SEC's website at www.advisorinfo.sec.gov.

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Stephen L. Gray is the owner of Financial Planning Services ("the firm") -- an independent investment advisory firm that has been doing business in Montgomery County, Texas since 1988. Mr. Gray is a CPA, Certified Financial Planner, and Registered Investment Advisor. His firm currently has \$38 million in assets under management, and is registered with the SEC. The firm is in the process of moving from SEC registration to state registration pursuant to requirements of the Dodd Frank legislation enacted in 2010.

Services offered include all aspects of the financial planning process:

- Portfolio evaluation
- Asset allocation recommendations
- Specific asset recommendations
- Retirement planning
- Planning for higher education funding
- Life insurance planning
- Estate planning

The type of investments generally recommended include:

- Individual equities
- Individual fixed income securities
- No-load mutual funds
- ETF's

Advisory services are tailored to meet the needs of each individual client -- after carefully discussing their goals, timeframe, and risk tolerance.

As of the date of this brochure, the firm was managing \$38 million in assets on a discretionary basis.

Investment advisory fees charged by the firm are based on a percentage of assets under management. The fee structure is as follows:

- Under \$100,000 -- 1%
- \$100,000-\$500,000 -- .75%
- \$500,000-\$1,000,000 -- .60%
- over \$1,000,000 -- .50%

These are annualized percentages, with 1/12 of the annual fee charged monthly. All of a clients accounts are aggregated for purposes of calculating the fee, with one account designated to be charged.

Other fees charged to client accounts include:

- \$9.99 for each equity transaction
- A \$24 fee to buy and sell certain no-load mutual funds

There are no fees or commissions paid to the firm or any individuals based on buying or selling any investments.

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

The firm does not charge any performance based fees.

The firm provides its services to individuals only, and there are no minimum requirements to open an account,

In formulating investment advice and strategies, the firm uses fundamental analysis. Main sources of information include:

- Financial newspapers and magazines
- Research materials prepared by others
- Annual Reports
- Press releases and conference calls

The firm employs a long-term approach to investing as opposed to frequent trading.

Item 9 Disciplinary Information

The firm has no legal or disciplinary events outstanding.

Item 10 Other Financial Industry Activities and Affiliations

The firm's owner, Stephen L. Gray, is also a CPA, and provides tax services to the majority of his investment clients -- as well as other clients. Approximately 20% of the firm's total revenue is from tax services.

The firm's Code of Ethics was adopted pursuant to SEC rule 204A-1. It will provide a copy to any client or prospective client upon request.

Stephen L. Gray and related persons do invest in many of the same individual securities and mutual funds that are recommended to clients. Mr. Gray does not consider this a conflict of interest. Most investments are in large, liquid companies with a large float -- so any buying or selling of a security in any client account could be expected to significantly influence price movement.

The firm has selected TD Ameritrade to act as custodian and broker-dealer for all client transactions. Factors entering into this decision include:

- low fees and good execution
- largest selection of no-load mutual funds
- customer service
- research
- platform

The firm receives no compensation from TD Ameritrade in return for directing client assets to their company.

All investments, including individual stocks and mutual funds, are under constant review by the firm. Any decision to buy or sell any security would result in action being taken for all accounts impacted by the decision. In this regard, for all practical purposes, all accounts as well are under constant review.

Semi-annual portfolio reports are mailed to all clients. These reports include:

- An update of the client's asset allocation
- The portfolio's performance vs. the benchmark market averages
- The performance of the individual investments

Item 14 *Client* Referrals and Other Compensation

This section is not applicable

The firm does not have custody of any client assets. TD Ameritrade sends out monthly statements and confirmations to all clients.

The firm has discretionary authority over client assets relating to the following acts:

- entering trades
- charging investment advisory fees to the account
- receiving confirmations

When opening an account, all clients grant this authority by executing a Limited Power of Attorney. The firm has no authority to direct disbursement of funds unless specifically granted by the client.

Item 17 Voting *Client* Securities

The firm does not accept responsibility for vote client securities.

The firm does not receive any prepaid fees, and is thus exempt from disclosing financial information in this section.

Stephen L. Gray, Owner

The University of Texas at Austin, Bachelor of Business Administration

CPA, CFP, RIA

20 years of business experience before opening the firm in 1988

