



ADV Part 2 Brochure

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This brochure provides information about the qualifications and business practices of Ludwick & Shirman, LLC, a Registered Investment Advisor (RIA) with the U.S. Securities and Exchange Commission (SEC). If you have any questions about the contents of this brochure, please contact us at 303-444-1161, or by email at lifeonpage@aol.com. The information in this brochure has not been approved or verified by the SEC, or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training. Additional information about Ludwick & Shirman, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

A. Material Changes

Our last annual update to our brochure was done March 8, 2010.

The only material change to our ADV Part II concerns the handling of small accounts valued at less than \$25,000. These accounts will be allocated to our model portfolio stock and bond percentages and may contain different funds than larger accounts, due to the fund minimum initial purchase constraints.

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1. Advisory Business

Principal owners of Ludwick & Shirman, LLC (henceforth referred to as Ludwick & Shirman) are Roy Ludwick and Gary Shirman. We have been in business together since 1997 and have been a Registered Investment Advisory (RIA) firm since 2001. Ludwick & Shirman's main business is to provide investment management and financial planning services to our clients. In addition, we furnish investment advice through consultations on other assets not managed by Ludwick & Shirman. Our financial planning services provide clients with a personalized financial model to help them make financial decisions. We have designed a unique financial planning software program to create personalized retirement plans. This service helps clients make important financial decisions throughout their lifetime. We also provide financial planning on an hourly basis.

We invest mainly in mutual funds. On occasion, we invest in stocks, exchange traded funds, bonds, certificates of deposit, and other investment vehicles. We do not invest in private placements or other investments that do not have government oversight.

We invest our client accounts in one of our four basic portfolio models: Aggressive Growth, Growth, Growth & Income, and Conservative. Clients may have different models for different accounts. With some exceptions, our client assets are invested into one of these portfolio models. All of our portfolios consist of a diversified mix of stock and bond funds, and may include asset classes such as: large and small capitalization companies, value and growth oriented companies, developed and emerging market companies, and other market sectors. In addition, the bond portion of our portfolios may contain a variety of bonds such as: US government, municipals, corporate, foreign corporate, emerging markets, sovereign and high yield bonds. We design diversified portfolios to minimize downside losses. Our model portfolios may vary in stock and bond mix, depending on market conditions. The Aggressive Growth Portfolio will contain the highest amount of stocks and the Conservative Portfolio will contain the least amount of stocks.

Our clients' assets are held at TD Ameritrade Institutional. They have trading minimums that require us to treat accounts valued at less than \$25,000 differently than larger account sizes. These smaller accounts will be allocated to our model portfolio percentages in stock and bond funds and may contain different mutual funds than larger accounts, due to certain fund's minimum initial purchase constraints.

As of March 29, 2011, we have \$74 million of discretionary assets under management.

2. Fees and Compensation

We are compensated for investment management services by charging a percentage of total assets under management. Our minimum starting assets under management is \$200,000 per client. Our annual fee schedule is as follows:

1.2%	\$200,000-\$250,000
1.1%	\$250,000-\$500,000
1.0%	\$500,000-\$1,000,000
0.8%	\$1,000,000-\$2,000,000
0.7%	\$2,000,000-\$3,000,000
0.6%	\$3,000,000-\$4,000,000
0.55%	\$4,000,000-\$5,000,000
0.5%	\$5,000,000- higher

For example, if we are managing \$600,000 of a client's assets, we essentially charge 1.0% of \$600,000. These fees are negotiable in that we can charge less if a client's assets fall under the minimum for the range. On occasion, we may have clients with total assets below \$200,000, in which case we may charge a maximum fee of 1.35%. There may be transaction costs assessed for some security trades, although we try to avoid transaction fee trades. In addition, mutual funds charge an internal management fee. Mutual funds and TD Ameritrade Institutional may assess a short term redemption fee for funds held less than 90 days. Non-standard assets, such as limited partnerships, may incur additional transaction and annual custody fees. We do not accept compensation for the sale of securities or other investment products. Clients have the option to purchase investment products that we recommend through other brokers or agents not affiliated with us.

The fees listed above are our annualized fees. Our fees are assessed quarterly, in advance, and they are deducted directly from the client's account. If a client withdraws a large sum from their account or if they close their account within the quarter, they may be due a refund of fees. This refund is calculated on a pro-rated basis as a percentage of the quarter that the funds were not in the account.

An additional service we offer is financial planning. Our hourly fee for financial planning services is \$150 per hour and is paid after the consultation. In general, we charge a fixed fee for a written financial plan, ranging from \$1,000 to \$2,000, depending on the complexity of the plan. Half of the fee is due in advance, the balance upon completion of the plan.

3. Performance Based Fees

Ludwick & Shirman does not assess performance based fees.

4. Types of Clients

Ludwick & Shirman generally provide investment advice to individuals, families, trusts, pension and profit sharing plans, estates, charitable organizations, and corporations.

5. Methods of Analysis, Investment Strategies and Risk of Loss

We assess our clients' risk-return level to determine which portfolio model best fits their objectives. We then invest our client accounts in one of our four basic portfolio models: Aggressive Growth, Growth, Growth & Income, and Conservative.

Our security selection is primarily fundamental in nature. On occasion, we will employ charting techniques. We rely on many sources of information, including financial newsletters and magazines, subscription services, research material prepared by others, annual reports and prospectuses, and company releases. Our analysis could be described as top-down. This analysis begins with looking at economic indicators, both national and international, such as; GDP growth rates, inflation, interest rates, exchange rates, productivity, and energy prices. We then narrow our focus to market sectors or industries that we believe will perform well in the given economic environment. We then employ proprietary metrics to select mutual funds that we determine should outperform their benchmarks. This process includes examining the funds price to earnings ratios, price to book, turnover rates, management tenure, bond duration, and other metrics.

We purchase securities with the intent to hold them for the long term. Occasionally, we purchase securities for a shorter time period, depending on market conditions. We exercise the right to buy and sell options, perform margin transactions, and do frequent trading; however, we have not performed any of these transactions since we have been in business.

Investing in securities involves risk of loss and clients should be prepared to bear this risk.

6. Disciplinary Information

There have never been any legal or disciplinary actions against Ludwick & Shirman or any of our employees.

7. Other Financial Industry Activities and Affiliations

We, at Ludwick & Shirman, do not have other financial industry activities or affiliations.

8. Code of Ethics

Ludwick & Shirman has a fiduciary duty to act in the best interest of our clients at all times. All employees must maintain the highest standards of professional conduct in their daily business representing Ludwick & Shirman to the general public. Employees shall comply with the laws and regulations of the United States and the state and local governments' jurisdiction over Ludwick & Shirman's business activities. This includes all laws preventing the use of non-public information by any associated person. Employees shall keep in complete confidence knowledge concerning the private affairs

of Ludwick & Shirman's clients and information contained in our client records, unless compelled to disclose such information applicable by law.

All employees at Ludwick & Shirman invest in the same portfolios that we offer our clients. We buy and sell the same securities as our clients as close as possible to the same time as their transactions. Occasionally, we invest in additional securities. All stock transactions are maintained in a transaction log for each employee.

If requested, we will provide our complete Code of Ethics document to any client or prospective client.

9. Brokerage Practices

We do not operate under a broker-dealer. TD Ameritrade Institutional is the custodian of our clients' accounts.

10. Review of Accounts

Ludwick & Shirman reviews all of our portfolio models at least on a monthly basis. With few exceptions, client accounts are invested in one of our four portfolio models. Adjustments may be made depending on the performance of a holding or market conditions. We may rebalance a client's account based on recent cash additions or withdrawals. These reviews are conducted by our investment committee, which consists of Roy Ludwick, Gary Shirman, and Diane Ewasko.

Financial plans are reviewed upon request of the client.

We mail quarterly reports to our clients. These reports contain account and security performance results and a statement of the fees assessed. These reports are prepared by Asset Book, Inc., which is a third party performance reporting service. In addition, the mailing contains a newsletter authored by Ludwick & Shirman. The client also receives statements from their custodian, TD Ameritrade Institutional, on a monthly basis. They may also receive information from mutual fund companies and other securities they own.

11. Client Referrals and Other Compensation

Ludwick & Shirman does not receive any compensation, directly or indirectly, for client referrals. In addition, we do not compensate anyone for client referrals.

We do occasionally receive compensation for the sale of insurance products, such as long term care insurance and life insurance, spending on average, less than 2 hours per month in this capacity.

12. Custody

Ludwick & Shirman does not maintain custody of client funds or securities. TD Ameritrade Institutional provides custody service for our clients. Clients should compare statements from Ludwick & Shirman with their statements from TD Ameritrade Institutional.

13. Investment Discretion

We accept discretionary authority and limited power of attorney to manage securities on behalf of clients. We have authority to determine the time and amount of each trade. This authority is given to us by our clients when they sign our investment advisory agreement and on their account application with TD Ameritrade Institutional.

14. Voting Client Securities

Ludwick & Shirman accepts authority to vote for clients regarding their securities. In order for us to vote for the client, they authorize us by signing a TD Ameritrade Institutional authorization form. Clients can request our voting record and they can rescind this authorization at any time. We give clients our proxy voting guidelines when they become clients. They can request a copy of our policies and procedures at any time.

In general, Ludwick & Shirman votes with the recommendations of the board on issues such as governance structure, adoptions and amendments to compensation plans, and audits. However, with matters involving social issues or corporate responsibility, we may vote differently than the board and what we see as in the best interest of our clients.

15. Financial Information

We do not have custody of client funds or securities and we do not require prepayment of fees for more than three months in advance.

16. Requirements for State-Registered Advisors

Roy Ludwick, president, has worked in the financial services industry since 1984. He received his BA in Business from the University of Washington, and MBA from Golden Gate University. He received his Chartered Financial Consultant (ChFC) designation in 1989 and Chartered Life Underwriter (CLU) designation in 1998. He is also on the Board of Directors of Composite Technology Development, Inc., a technology company, and he spends about five hours per month in this capacity.

Gary Shirman, vice-president, has worked in the financial services industry since 1986. He received his BA in Sociology from the University of Colorado. He received his Chartered Life Underwriter (CLU) designation in 1993, and Chartered Financial Consultant (ChFC) designation in 1994.

Diane Ewasko, operations manager, has worked for Ludwick & Shirman since 1999. She received her BS in Chemical Engineering from the University of Missouri, graduating summa cum laude. She has taken course work at the College for Financial Planning in Denver. She has worked as the compliance officer, operations manager, and on the investment committee of Ludwick & Shirman.

A Chartered Financial Consultant designation requires completion of an eight-course curriculum focused on the comprehensive financial planning process. It also requires the passing of a series of written examinations and three years of qualifying professional experience. This designation is issued by the American College in Bryn Mawr, Pennsylvania.

A Chartered Life Underwriter designation requires completion of an eight-course curriculum focused on an in-depth knowledge of the insurance needs of individuals, business owners and professional clients. This designation is issued by the American College in Bryn Mawr, Pennsylvania.