



Hammond Investment Planning Corporation

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Firm Brochure

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Hammond Investment Planning Corporation. If you have any questions about the contents of this brochure, please contact us at: 770.226.5343, or by email at: bill@hammondplanning.com. 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 Hammond Investment Planning Corporation is available on the SEC's website at www.adviserinfo.sec.gov

January 1, 2011

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 770.226.5343 or by email at: maryjane@hammondplanning.com.

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Advisory Business

Firm Description

Investment advice is an integral part of financial planning. In addition, HIPC advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Investment advice is provided, with the client making the final decision on investment allocation. HIPC does not act as a custodian of client assets. The client always maintains asset control. HIPC places trades for clients under a limited power of attorney.

A written evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Principal Owners

William G. Hammond is a 100% stockholder.

Types of Advisory Services

HIPC provides investment supervisory services, also known as asset management services.

On more than an occasional basis, HIPC furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of 12/31/2010, HIPC manages approximately \$126,300,000.00 in assets for approximately 99 clients on a discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

Financial Planning Agreement

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

The fee for a financial plan is predicated upon the facts known at the start of the engagement. The fee range is \$1,000 to \$3,500 and is negotiable. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Follow-on implementation work may be billed separately at the rate of \$150 per hour.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Hourly Planning Engagements

HIPC provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$150.00.

Asset Management (Discretionary Management) Agreement

An Investment Management Agreement may be executed in addition to a financial planning agreement or when financial planning is not provided as part of the relationship.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a transaction fee for stock and bond trades. HIPC does not receive any compensation, in any form, from brokerage houses or fund companies in managed accounts.

Investments may include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through HIPC.

The annual Asset Management Agreement fee is based on a percentage of the investable assets according to the following schedule:

- 1.20% on the first \$1,000,000;
- 1.00% on the next \$1,000,000 (from \$1,000,001 to \$2,000,000); and
- 0.75% on the assets above \$2,000,000.

The minimum annual fee is \$1,800.00 and is negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying HIPC in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, HIPC will refund any unearned portion of the advance payment.

HIPC may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, HIPC will refund any unearned portion of the advance payment.

Fees and Compensation

Description

HIPC bases its fees on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees).

Financial plans are priced according to the degree of complexity associated with the client's situation.

Fees are negotiable.

Fee Billing

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial plans are billed 50% due upon delivery of the financial plan and the remaining 50% due six months later.

Other Fees

Custodians may charge transaction fees on purchases or sales of stocks, certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

HIPC, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to HIPC and are reflected in the net asset value (NAV) of the fund.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

HIPC reserves the right to stop work on any account that is more than sixty (60) days overdue. In addition, HIPC reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in HIPC's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within ten (10) business days.

Performance-Based Fees

Sharing of Capital Gains

HIPC does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

HIPC generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$500,00.00 of assets under management.

HIPC has the discretion to waive the account minimum. Accounts of less than \$500,000.00 may be established when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$500,000.00 within a reasonable time. Other exceptions will apply to employees of HIPC and their relatives, or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include fundamental analysis and technical analysis.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission.

Other sources of information that HIPC may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, and the World Wide Web.

Investment Strategies

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, and margin transactions.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **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.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, 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.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

HIPC has a relationship with Triad Advisors, Inc., a broker-dealer. We receive commissions and 12b-1 fees relative to client investments. The relationship is fully disclosed prior to participation in the investment. William G. Hammond and MaryJane M. LeCroy are registered representatives of Triad Advisors, Inc.

Affiliations

HIPC has a sub advisory relationship with Aurora Investment Counsel, a registered investment advisor. HIPC purchases investment management services from Aurora Investment Counsel for a fee. Aurora Investment Counsel is owned by David J. Yucius, Jr., William G. Hammond, Michael T. Doyle, and Joyce Seckman. At this time, there is no material compensation paid to Hammond as a result of his ownership interest in Aurora Investment Counsel.

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

Code of Ethics

The employees of HIPC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

HIPC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the HIPC Compliance Manual.

Personal Trading

The Chief Compliance Officer of HIPC is William G. Hammond. He reviews all employee trades each quarter. His trades are reviewed by MaryJane M. LeCroy. The personal trading reviews ensure that the personal trading of

employees does not affect the markets, and that clients of the firm receive preferential treatment.

Brokerage Practices

Selecting Brokerage Firms

HIPC does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. HIPC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Hammond Investment Planning Corporation directs its clients to Charles Schwab & Co. Inc. based on their custodial and record keeping services for clients, their cost effectiveness, reliability and trade execution. Clients are not required to use Charles Schwab & Co. Inc. and may choose to select another brokerage firm.

HIPC does not receive fees or commissions from this arrangement.

Best Execution

HIPC reviews the execution of trades at each custodian each quarter. The review is documented in the HIPC Compliance Manual. Trading fees charged by the custodian is also reviewed on a quarterly basis. HIPC does not receive any portion of the trading fees.

Soft Dollars

HIPC does not have a "soft dollar" relationship with any firm.

Order Aggregation

Aurora Investment Counsel makes all managed trades and is cautious so that trade aggregation does not garner any client benefit.

Review of Accounts

Periodic Reviews

Account reviews are performed quarterly by advisors William G. Hammond and MaryJane M. LeCroy. Aurora Investment Counsel also reviews the accounts on a consistent basis. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Financial Planning Clients receive periodic communications on at least an annual basis. The updates may include a net worth statement, portfolio statement, and a summary of objectives and progress towards meeting those objectives. Asset Management Clients receive quarterly statements with performance and benchmark comparisons.

Client Referrals and Other Compensation

Incoming Referrals

HIPC has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

HIPC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

HIPC has an ongoing relationship with REIT Funding, LLC, whose sole purpose is to provide investors for private REITs. HIPC receives a finder's fee of \$30 per person per REIT per offering from REIT Funding, LLC.

Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements and trade confirmations directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by HIPC.

Net Worth Statements

Financial Planning Clients are provided net worth statements that are generated from our client relationship management system. Net worth

statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

Investment Discretion

Discretionary Authority for Trading

HIPC accepts discretionary authority to manage securities accounts on behalf of clients. HIPC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the trading fees paid to the custodian. HIPC does not receive any portion of the transaction fees or paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in client accounts on their behalf so that we may promptly implement the investment policy the client approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. Clients sign a limited power of attorney so that we may execute the trades, send funds to address of record, or like registration accounts.

Voting Client Securities

Proxy Votes

Unless the client designates otherwise, Aurora Investment Counsel votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of Aurora's proxy voting policy is available upon request.

When assistance on voting proxies is requested on non-managed assets, HIPC will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Financial Information

Financial Condition

HIPC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because HIPC does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Business Continuity Plan

General

HIPC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

HIPC has engaged the services of a valuation consultant to provide a business valuation on HIPC. The purpose of the valuation is to sell a portion of HIPC stock to MaryJane M. LeCroy over time. A buy/sell agreement is also being established with the business valuation in the event of William G. Hammond's serious disability or death.

Information Security Program

Information Security

HIPC maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

HIPC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from clients may include information about personal finances, information about health to the extent that it is needed for the financial planning process, information about transactions between the client and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to assist clients to meet their personal financial goals.

With client permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom they have established a relationship. Clients may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With client permission, we share a limited amount of information with the brokerage firm in order to execute securities transactions on clients' behalf.

We maintain a secure office to ensure that client information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide client personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to client personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and client personal records as permitted by law.

Personally identifiable information regarding clients will be maintained while during the course of our professional relationship, and for the required period thereafter that records are required to be maintained by Federal and State securities laws. After that time, information may be destroyed.

We will notify clients in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

HIPC requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board (www.cfp.net).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Enrolled Agent (EA): Enrolled Agents are enrolled by the Internal Revenue Service and authorized to use the EA designation. EA enrollment requirements:

- Successful completion of the three-part IRS Special Enrollment Examination (SEE), or completion of five years of employment by the IRS in a position which regularly interpreted and applied the tax code and its regulations.
- Successfully pass the background check conducted by the IRS.

William G. Hammond, CFP®

Educational Background:

- Date of birth: 12/15/1947
- West Georgia College (1970)

Business Experience:

- Randy Seckman & Associates (1980 – 1996)
- Hammond Investment Planning Corp. (1996 - Present)
 - William is the founder and owner of HIPC

Other Business Activities: None

Additional Compensation: None

MaryJane M. LeCroy, CFP®

Educational Background:

- Date of birth: 10/22/1976
- Auburn University (1999)

Business Experience:

- SunTrust Bank (1999 – 2001)
- Hammond Investment Planning Corp. (2001 - Present)

Other Business Activities: None

Additional Compensation: None

Supervision:

MaryJane M. LeCroy is supervised by William G. Hammond, owner. He reviews MaryJane's work through frequent office interactions as well as remote interactions.

William G. Hammond's contact information:

770.226.5343 bill@hammondplanning.com