

**Firm Brochure**  
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Personal Financial Planning, Inc. If you have any questions about the contents of this brochure, please contact us at: 847-205-2590, or by email at: marc@pfplink.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 Personal Financial Planning, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 25, 2011

## Material Changes

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### **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.

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### **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.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 847-205-2590 or by email at [marc@pfplink.com](mailto:marc@pfplink.com).

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# Advisory Business

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## Firm Description

Personal Financial Planning, Inc. was founded in 1999.

Personal Financial Planning, Inc. provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and includes: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Personal Financial Planning, Inc. is strictly a retainer-only financial planning and investment management firm. The firm does not receive commissions for purchasing or selling 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.

Investment advice is an integral part of financial planning. Of equal importance and time, Personal Financial Planning, Inc. advises clients regarding cash flow, compensation and benefits, college planning, retirement planning, income tax planning and estate planning.

Investment advice is provided, with the client making the final decision on investment selection. Personal Financial Planning, Inc. does not act as a custodian of client assets. The client always maintains asset control. Clients may provide for Personal Financial Planning, Inc. to place trade for clients under a limited power of attorney. There are no additional fees or charges if trading authority is provided and acted on.

Written evaluations of each client's initial and ongoing situations are provided to the client, often in the form of a net worth statement and an investment allocation summary. Multiple reviews during a year are scheduled and then communicated to provide reminders of the specific courses of action that need to be taken.

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.

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## Principal Owner

Marc A. Steinman is the 100% stockholder. .

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**Types of Advisory Services**

Personal Financial Planning, Inc provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services and furnishes investment advice through consultations. On an ongoing basis, Personal Financial Planning, Inc. furnishes advice to clients on matters not involving securities, such as financial planning and taxation matters.

As of March 25, 2011, Personal Financial Planning, Inc. manages approximately \$190,000,000 in assets for approximately 80 clients under a limited power of attorney. Transactions are only effectuated after approval by the client. No separate fees above the annual retainer are charged by Personal Financial Planning, Inc. in relation to these funds under management.

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**Tailored Relationships**

The ongoing goals and objectives for each client are reviewed, documented in our client files and summarized to clients as part of the ongoing review process.

Agreements may not be assigned without client consent.

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**Retainer Agreements**

In all circumstances, an initial Retainer Agreement is executed for a one year period for comprehensive financial counseling.

Retainer agreement fees are negotiable and are based on the totality of the client's financial circumstance.

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**Tax Preparation Agreement**

Tax preparation work may or may not be included in the Retainer Agreement.

Tax preparation work performed separately is billed as incurred.

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**Asset Management**

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Personal Financial Planning, Inc. does not receive any compensation, in any form, from fund companies.

Initial public offerings (IPOs) are not available through Personal Financial Planning, Inc.

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### **Termination of Agreement**

Retainer Agreements may be terminated at any time by providing written notice. All fees billed shall be prorated to the date of our receipt of the termination notice and unearned payments will be refunded.

Personal Financial Planning, Inc. may terminate any agreement at any time by notifying the client in writing. If the client made an advance payment, Personal Financial Planning, Inc. will refund any unearned portion of a payment.

## **Fees and Compensation**

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### **Description**

Personal Financial Planning, Inc. bases its retainer fee on based on the expected complexity of work and this fee is negotiable. Complexity of the engagement includes total net worth, investable assets, annual income, compensation and benefit issues, estate planning possibilities and the reliance of the client on Personal Financial Planning, Inc's decision making.

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### **Fee Billing**

Billing is 50% of the agreed to annual retainer at initiation of service and 50% six months later.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of 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.

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### **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 Personal Financial Planning, Inc.

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



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## **Past Due Accounts and Termination of Agreement**

Personal Financial Planning, Inc. reserves the right to stop work on an account that is more than 60 days overdue.

Personal Financial Planning, Inc. may terminate any agreement at any time by notifying the client in writing. If the client made an advance payment, Personal Financial Planning, Inc. will refund any unearned portion of a payment.

## **Performance-Based Fees**

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### **Sharing of Capital Gains**

Personal Financial Planning, Inc. 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.

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## **Types of Clients**

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### **Description**

Personal Financial Planning, Inc. generally provides investment advice to high net worth individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

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## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Security analysis is primarily fundamental analysis.

The main sources of information include financial newspapers, web-sites and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Personal Financial Planning, Inc may use include Morningstar Principia mutual fund information, Fidelity Advisor Intelligence and research from other investment firms.

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### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Individual bonds may be purchased. Portfolios are globally diversified to control the risk associated with traditional markets.

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.

Minimum security levels for all clients is stressed and planned to.

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### **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**

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### **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**

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### **Financial Industry Activities**

Personal Financial Planning, Inc. is registered as an investment advisor with the Securities and Exchange Commission.

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### **Affiliations**

Personal Financial Planning, Inc. has no arrangements or affiliations with any group, business or person.

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

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### **Code of Ethics**

The employees of Personal Financial Planning, Inc. 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.

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**Participation or Interest in Client Transactions**

Personal Financial Planning, Inc 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 may not buy or sell securities in companies where clients are employees or directors.

Employees comply with the provisions of the Personal Financial Planning, Inc. *Compliance Manual*.

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**Personal Trading**

The Chief Compliance Officer of Personal Financial Planning, Inc is Marc A. Steinman. He reviews all employee trades each quarter. His trades are reviewed by Mark Weinstein. 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. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## Brokerage Practices

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**Selecting Brokerage Firms**

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

Personal Financial Planning, Inc. is an advisor with Fidelity Investment Services.

Personal Financial Planning, Inc. does not receive fees or commissions from any of these arrangements.

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**Best Execution**

Personal Financial Planning, Inc reviews the execution of trades at each custodian each quarter. The review is documented in the Personal Financial planning *Compliance Manual*. Trading fees charged by the custodians is also reviewed on a quarterly basis. Personal Financial Planning, Inc. does not receive any portion of the trading fees.

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**Soft Dollars**

Personal Financial Planning, Inc. receives no soft dollar benefits from our custodian.

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**Order Aggregation**

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## **Review of Accounts**

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**Periodic Reviews**

Account reviews are performed quarterly by Marc A. Steinman. Account reviews are performed more frequently when market conditions dictate.

A written review is included in ongoing client planning letters from the advisor.

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**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.

## **Client Referrals and Other Compensation**

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**Incoming Referrals**

Personal Financial Planning, Inc. has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants and other similar sources. The firm does not compensate referring parties for these referrals.

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**Referrals Out**

Personal Financial Planning, Inc. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

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**SEC "Custody"**

From time to time, Personal Financial Planning, Inc. may be considered to have custody of certain types of accounts, such as when an employee acts as a trustee of an unrelated trust and the firm acts as the investment adviser to that trust. When the firm has such custody, an annual surprise audit of those custodied accounts is performed by an independent CPA firm in compliance with SEC requirements.

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**Account Statements**

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

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Personal Financial Planning, Inc.

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**Net Worth Statements**

Clients are frequently provided net worth statements. 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**

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**Discretionary Authority for Trading**

Personal Financial Planning, Inc. accepts discretionary authority to manage securities accounts on behalf of some clients. Personal Financial Planning, Inc. 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. However, Personal Financial planning, Inc. consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. Personal Financial Planning, Inc. does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

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

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

## Voting Client Securities

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### Proxy Votes

Personal Financial Planning, Inc. does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, Personal Financial Planning, Inc. will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Financial Information

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### Financial Condition

Personal Financial planning, Inc. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet can be provided upon request.

## Business Continuity Plan

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### General

Personal Financial Planning, Inc. 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.

## Information Security Program

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### Information Security

Personal Financial Planning, Inc. maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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## Privacy Notice

Personal Financial Planning, Inc. 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 you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You 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 your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your 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 your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, 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 you 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.