

## Form ADV Part 2A Disclosure Brochure

### Item 1 – Cover Page

Creative Planning, Inc.

3400 College Blvd.

Leawood, KS 66211

913-338-2727

[www.thinkingbeyond.com](http://www.thinkingbeyond.com)

Date of Brochure: December 2012

---

This brochure provides information about the qualifications and investment advisory business practices of Creative Planning, Inc. If you have any questions about the contents of this brochure please contact us at (913) 338-2727 or [cpi@thinkingbeyond.com](mailto:cpi@thinkingbeyond.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority

Additional information about Creative Planning, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "Creative Planning, Inc." You can also search using the firm's CRD number. The CRD number for the firm is 105348.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

This item provides information regarding specific material changes and a summary of such changes made to the Disclosure Brochure since the last annual update of the brochure which occurred in March 2012.

- We now have an affiliated company, Creative Planning Accounting Services, LLC that can provide accounting and tax preparation services to Creative Planning clients. Fees for these services are separate and in addition to the advisory fees charged by our firm. Please refer to Item 10 – Other Financial Industry Activities and Affiliations.
- To the extent we receive a referral from our affiliated law firm, The Will & Trust Center; we will provide a referral fee of up to 20 basis (0.20%) points of the management fee we charge to the referred client. Please refer to Item 10 – Other Financial Industry Activities and Affiliations for details.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

### Item 3 – Table of Contents

Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	4
Description of Advisory Firm .....	4
General Description of Advisory Services.....	4
Limits Advice to Certain Types of Investments.....	4
Tailor Advisory Services to Individual Needs of Clients.....	5
Client Assets Managed by Creative Planning, Inc. ....	5
Item 5 – Fees and Compensation.....	5
A. Portfolio Management Services.....	5
Administrative Services Provided by ORION Advisor Services, LLC .....	6
Fees for Portfolio Management Services.....	6
B. Financial Planning Provided Under Portfolio Management Services.....	7
Financial Planning for Fee .....	8
C. Qualified and ERISA Plan Consulting Services .....	8
Fees for Qualified and ERISA Plan Consulting.....	9
Item 6 – Performance-Based Fees and Side-By-Side Management.....	10
Item 7 – Types of Clients .....	10
Minimum Investment Amounts Required.....	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9 – Disciplinary Information.....	13
Item 10 – Other Financial Industry Activities and Affiliations.....	13
Insurance Activities through Creative Planning Risk Management, Creative Planning Benefits, and Creative Planning Risk Services.....	14
Legal Activities - The Will & Trust Center .....	14
Pension Consulting - Creative Planning Services.....	15
Creative Planning TPA Services, LLC .....	15
Accounting Services – Creative Planning Accounting Services, LLC.....	15
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	16
Code of Ethics Summary .....	16
Participation or Interest in Client Transactions .....	16
Item 12 – Brokerage Practices.....	16
Recommendation of Broker/Dealers and Custodians.....	16
Arrangements with TD Ameritrade.....	17
Research and Soft Dollar Benefits.....	17
Brokerage for Client Referrals.....	19
Trading Policy .....	20
Item 13 – Review of Accounts .....	20
Account Reviews and Reviewers.....	20
Statements and Reports .....	20
Item 14 – Client Referrals and Other Compensation.....	20
Other Compensation .....	20
Client Referrals .....	21
Item 15 – Custody.....	21
Item 16 – Investment Discretion .....	22
Item 17 – Voting Client Securities.....	23
Item 18 – Financial Information.....	23
CUSTOMER PRIVACY POLICY NOTICE.....	23

## **Item 4 – Advisory Business**

### **Description of Advisory Firm**

Creative Planning, Inc. is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company formed under the laws of the State of Kansas.

- The firm has been registered as an investment advisor with the SEC since March 18, 1983.
- Peter Mallouk has been the 100% owner of the firm since December 2003 when he acquired the firm from the prior owner.

### **General Description of Advisory Services**

The following are brief descriptions of our primary services. A detailed description of Creative Planning's services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

**Portfolio Management Services** – We provide advisory services in the form of Portfolio Management Services. Portfolio Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that Creative Planning will continuously monitor a client's account and make trades in client accounts when necessary.

**Qualified Plan Consulting** – We offer several advisory services for corporate retirement plans, separately or in combination. The primary clients for these services are pension, profit sharing, and 401(k) plans.

**Financial Planning Services** – We provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

### **Limits Advice to Certain Types of Investments**

We provide investment advice on the following types of investments.

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Options contracts on securities

- Interests in partnerships investing in real estate
- Options contracts
- Futures contracts
- Oil and gas interests

When providing Portfolio Management Services, the firm will typically construct each client's account holdings using bonds, equities, ETFs, and mutual funds to build diversified portfolios. It is not Creative Planning, Inc.'s typical investment strategy to attempt to time the market but we may increase cash holdings as deemed appropriate, based on your risk tolerance and short and long term goals. We may modify our investment strategy to accommodate special situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

### **Tailor Advisory Services to Individual Needs of Clients**

Our services are provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. Creative Planning works with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Client Assets Managed by Creative Planning, Inc.**

The amount of clients assets managed by Creative Planning total approximately \$5,005,847,539 as of December 4, 2012. \$4,850,969,972 is managed on a discretionary basis and \$154,877,567 is managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provide in Item 4 – Advisory Business, this section provides details regarding Creative Planning, Inc.'s services along with descriptions of each service's fees and compensation arrangements.

### **A. Portfolio Management Services**

Most clients receiving this Disclosure Brochure will be signing up for our Private Wealth Management service which can best be defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, we offer a highly customized and individualized investment program for each client. A specific investment strategy is crafted to focus on the specific client's goals and objectives.

We provide our Private Wealth Management service through accounts maintained at a qualified custodian recommended by Creative Planning (please refer to Item 15 – Custody for more information). Qualified custodians include registered broker/dealers, banks offering trust services and variable annuity product sponsors. As a condition of this program Creative Planning will be granted discretionary trading authorization on the client's account. This enables us to move client funds among stocks, bonds, ETFs, mutual funds or other investments at our discretion (please refer to Item 16 – Investment Discretion for more information).

You are always responsible for notifying us of any changes to your financial situation or investment objectives. We are always reasonably available to consult with you relative to the status of your accounts

under our management. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents your direct and beneficial interest in the securities which comprise your accounts. A separate account is always maintained for every client with the broker-dealer/custodian and you retain all rights of ownership to your accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

**Administrative Services Provided by ORION Advisor Services, LLC**

Creative Planning has contracted with ORION Advisor Services, LLC (referred to as "ORION") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, ORION will have access to client accounts, but ORION will not serve as an investment advisor to Creative Planning clients.

Creative Planning and ORION are non-affiliated companies.

***Fees for Portfolio Management Services***

Creative Planning charges an annual percentage-based fee for Portfolio Management Services. The annual fee is based on the fair market or agreed upon value of the client's account assets determined as of the last business day of each calendar quarter. Annual fees are divided and payable quarterly in arrears. The following is a sample fee schedule provided for illustrative purposes.

<i>Annual Fee Calculation</i>	
1.20%	on the first \$500,000
1.00%	on assets of \$500,001 – 2,000,000
.85%	on assets of \$2,000,001 – \$5,000,000
.80%	on assets of \$5,000,001 - \$10,000,000
.70%	on assets of \$10,000,001 - \$25,000,000
.40%	on assets of \$25,000,001 - \$50,000,000
.30%	on assets of \$50,000,001 - \$75,000,000
.25 %	on assets of \$75,000,001 - \$100,000,000

- Different advisor representatives may maintain higher minimums

Creative Planning calculates its management fee against all assets in the investment account, unless specifically excluded. Therefore fee calculations include cash balances invested in money market funds, short-term investment funds, ETFs, mutual funds, and all other investment holdings. The exact services and fees will be agreed upon and disclosed in the agreement for services prior to services being provided.

In limited and unique circumstances, fees may be negotiable based on factors such as the client's financial situation and circumstances, the amount of assets under management, and the overall complexity of the services provided.

Fees are generally deducted directly from the client's account. When fees are deducted from your account, you will need to provide the custodian with written authorization to have fees deducted from the account and paid to Creative Planning. The custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly

from the account (please refer to Item 13 – Review of Accounts for more information regarding client statements).

Brokerage fees and/or transaction ticket fees charged by the custodian will be billed directly to each client's account. We do *not* receive any portion of such commissions or fees from the custodian or from clients. Management fees charged by Creative Planning are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Portfolio management services may be terminated at any time without penalty. If services are terminated during a quarter, fees due are pro rated based on the period Creative Planning managed the assets prior to termination. The date of termination will be used to calculate the final fee payment.

#### **B. Financial Planning Provided Under Portfolio Management Services**

For some clients, we provide financial planning services under several formats at the client's specific direction. For clients that have at least \$500,000 under our management (which is also our current minimum investment amount required), we offer comprehensive financial planning. We will consider waiving the \$500,000 minimum on a case-by-case basis.

The financial planning services we provide may be specific or modular in their preparation (unique to each client in their depth of preparation). Topics included as part of the financial planning services may include, but is not necessarily limited to, the following:

1. Organization and assessment
2. Retirement planning
3. Education planning
4. Long-term care
5. Insurance planning
6. Debt management
7. Investments
8. Tax planning
9. Estate planning
10. Life events

We will interview and consult with each client to determine the client's personal financial situation and objectives and to analyze the client's financial documentation. As applicable, we then review the client's assets and liabilities, investment portfolio, retirement plan, education plan, risk management plan, risk tolerance, and estate plan, as well as other areas relevant to the client's financial health. We then provide an executive summary, highlighting the plan of action.

We meet with each client to explain the financial plan and our recommendations. Furthermore, we are available to work with the client throughout the year to implement the plan. Annually, the plan is updated to take into account changes in the client's financial situation as well as changes in the investment markets, tax laws, estate planning laws, and so on. The client is ultimately responsible for communicating changes in circumstances to Creative Planning so that we can provide the most accurate advice and counsel possible. Our Wealth Managers are available year round to assist with the implementation of the plan and to answer any client questions, but the client is ultimately responsible for the implementation or rejection of our recommendations. This means you are never obligated or required to implement our recommendations.

### ***Financial Planning for Fee***

At our discretion, we may enter into an engagement with a client to create a one-time, customized financial plan on a fee basis. Creative Planning rarely agrees to enter into such an arrangement. Such a plan will include topics described in the preceding section as agreed upon by Creative Planning and the client. Fees for such a plan are determined on a case by case basis, based on the level of expertise and sophistication required to deliver such a plan. However, fees are generally charged on a fixed fee basis ranging between \$5,000 and \$15,000 depending on the breadth of services provided, the complexity of the client's situation, and the advisory representative providing services to the client. Prior to commencing financial planning services, the client will be required to enter into an agreement for services.

### **C. Qualified and ERISA Plan Consulting Services**

In addition to the services described above, we also provide qualified and ERISA retirement plan consulting services. These services may involve:

#### **1. Fiduciary Consulting Services**

1. Recommendations regarding investment selection consistent with ERISA section 404(c).
2. Ability to consult on a one-on-one basis with Plan Participants

Creative Planning acknowledges that it is performing Fiduciary Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. Creative Planning will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Creative Planning to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, Creative Planning (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of the client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of the client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of the client's retirement plan or the interpretation of the client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of the client's retirement plan as defined in ERISA.

#### **2. Non-Fiduciary Consulting Services**

Creative Planning, Inc. provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- **Investment Education.** The following services will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts. Under no circumstances will Creative Planning, Inc. implement transactions in the individual Plan participant accounts.
  - Educational presentations for Plan participants. Presentations to Plan participants are informational in nature and intended to provide an overview of the Plan and the Plan's investment selections.



- Asset Allocation Models.
- Interactive Investment Materials.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed above as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan, as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA.

The exact suite of services provided to a client will be listed and detailed in the agreement for services.

Clients that elect to engage our firm for this service are required to also work with Creative Planning's affiliated company Creative Planning Services to be a service provider to the plan. Please refer to Item 10 – Other Financial Industry Activities and Affiliations for more information about Creative Planning Services.

If you, or your company sign up for this service, please understand that you will be ultimately responsible for implementing all recommendations provided by Creative Planning. Client funds and assets will be held with a third-party broker/dealer that will serve as the client's qualified custodian. Creative Planning will NOT have a limited power of attorney to execute transactions on behalf of the client. Therefore, we will NOT submit trade instructions to the designated third-party administrator. All changes to Plan holdings and investment selections are the client's responsibility.

If you decide to pick the service option for one-on-one consulting services between Creative Planning and Plan Participants, such services are consulting in nature and do not involve Creative Planning implementing recommendations in individual participant accounts. It will be the responsibility of each Participant to implement changes in their individual accounts.

Creative Planning, Inc. will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclose as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclose is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Consulting Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learns of such error or omission.

### ***Fees for Qualified and ERISA Plan Consulting***

Clients pay one fee to Creative Planning Services for this service that covers the services provided by Creative Planning Services and the investment management services provided by Creative Planning. The

actual fee charged to each client will be determined with the client and detailed in the agreement for services. Annual fees are divided into quarterly payments and billed to the client on a quarterly basis. Fees are due upon the client's receipt of the billing notice. For asset based fees, the fee will be calculated quarterly and based on the value of the Plan's assets at the end of each quarter. Annual fixed fees are divided into equal quarterly payments. When fees are based on the total market value of the Plan, the fee shall not exceed 1.00% annually of the Plan's value. The maximum annual fixed fee shall not exceed \$100,000.

Certain expenses incurred by Creative Planning Services or Creative Planning in order to perform the agreed upon Plan services will be considered outside of the standard fee for services described above and will be billed directly to client in addition to the agreed upon service fee indicated. Any outside expenses that clients may be responsible for will be described in the agreement for services.

In addition to the fees paid directly to Creative Planning Services, the client will also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses) and charges imposed by the Plan custodian. Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client by the custodian. We do not receive any portion of such brokerage commissions or transaction fees from the custodian or clients. Our fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Either party (i.e. the client or our Firm) may terminate the agreement for services with 30 days written notice to the other party. A refund of any unearned fees will be made based on the time expended by Creative Planning Services and Creative Planning before termination. A full refund of any fees paid will be made if the agreement is terminated within five business days. When fees are billed in arrears, the client will be responsible for paying the final fee on a pro-rated basis.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Creative Planning does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

#### **Item 7 – Types of Clients**

Creative Planning generally provides investment advice to the following types of clients:

- Individuals,
- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- Corporations or business entities other than those listed above

#### **Minimum Investment Amounts Required**

Creative Planning requires an initial minimum investment of \$500,000 to provide portfolio management services. Creative Planning may waive the minimum account values at its discretion.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

**Creative Planning, Inc. uses the following methods of analysis in formulating investment advice.**

***Cyclical*** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle.

If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

***Fundamental*** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

**Creative Planning, Inc. uses the following investment strategies when managing client assets and/or providing investment advice.**

- Long term purchases which are investments held at least a year.
- Short term purchases which are investments sold within a year.
- Trading which involve investments sold within 30 days.
- Short sales. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

- Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Creative Planning.
- Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, my firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through my investment management program.

- Market Risk – Either the stock market as a whole or the value of an individual company as a result of moves in the overall market goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will

erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When we invests in a an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with my firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produced the expected returns, the value of the investment will decrease.

#### **Item 9 – Disciplinary Information**

This item is not applicable to our brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of my business or integrity.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

Creative Planning is an independent investment advisory firm and only provides investment advisory services. The firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

Creative Planning is not and does not have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) real estate broker or dealer, or (6) sponsor or syndicator of limited partnerships.

Our investment advisor representatives are not affiliated (which means registered or employed) with a broker/dealer or commodities and futures trading firm.

Although Creative Planning does not provide any other services and is not involved in any other business activities, it does have related companies engaged in other activities and some of the firm's management personnel work for the related companies.

**Insurance Activities through Creative Planning Risk Management, Creative Planning Benefits, and Creative Planning Risk Services**

Creative Planning has three related insurance agencies.

- Creative Planning Risk Management provides individual life, disability and long term care coverage through various insurance companies.
- Creative Planning Benefits provides group health benefits through various insurance companies.
- Creative Planning Risk Services provides property and casualty coverage.

Clients of Creative Planning may be referred to a related insurance agency. Creative Planning does not receive a referral fee; however, some of Creative Planning's personnel that are insurance agents may receive commissions for the sale of insurance products. The receipt of insurance commissions is in addition to any advisory fees charged by Creative Planning.

Employees of the insurance agencies may refer clients to Creative Planning. In these cases, Creative Planning will pay a referral fee by paying the insurance company up to 20 basis points (0.20%) of the total fee charged by Creative Planning to the client (please refer to Item 14 – Client Referrals and Other Compensation).

Clients are never obligated or required to purchase insurance products from one of our affiliated insurance companies and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale. Please refer to Item 14 – Client Referrals and Other Compensation for more information regarding the insurance commissions received by our affiliated insurance companies and the conflicts such compensation presents.

**Legal Activities - The Will & Trust Center**

Creative Planning is under common ownership with a law firm, Mallouk Law Firm, PA, doing business under the name The Will & Trust Center. Peter Mallouk is the majority owner and also a practicing attorney with The Will & Trust Center. He spends approximately 2 hours per month on the law practice.

Clients of Creative Planning may be referred to The Will & Trust Center for estate planning and other legal services. Due to the fact that they are related entities, both firms have an economic incentive to refer clients to each other in lieu of referring clients to other law firms or financial professionals. In addition, Creative Planning pays The Will & Trust Center a referral fee of up to 20 basis points (0.20%) of the total fee charged by Creative Planning to the client (please refer to Item 14 – Client Referrals and Other Compensation).

Although we recommend you use the services of The Will & Trust Center, you are never obligated or required to use their services. There are other law firms that provide legal services similar to those provided by The Will & Trust Center and may provide such services for less expensive rates. Whenever we recommend The Will & Trust Center, you are encouraged to consider other law firms too.

The services of Creative Planning and The Will & Trust Center are separate and distinct from one another, each with a separate compensation arrangement typical for the services rendered.

### **Pension Consulting - Creative Planning Services**

We also have a related company, Creative Planning Services, Inc., that provides pension consulting services. Our clients that may need or may benefit from retirement plan services may be referred to Creative Planning Services.

There is no fee sharing arrangement between Creative Planning and Creative Planning Services. However, due to the fact that that we are related entities, both firms have an economic incentive to refer clients to each other in lieu of referring clients to other pension consultants or financial professionals. Peter Mallouk, owner of both companies, spends approximately 3 hours per month on Creative Planning Services.

Creative Planning Services provides the following types services; annual plan review, Plan Demographic Review, Legislative Review and Impact, 404(c) Policy Statement, Plan Vendor Contract Service and Pricing Negotiation, Plan Design Review, Enrollment Meetings, Employer Newsletters, Periodic Sample Employee Memos, ERISA Legal Support & Compliance Assistance, 401(k) Help E-Mail & Toll-Free 800 Number for Employees, Vendor Analysis/Selection/Monitoring, and Plan Conversion Management.

Creative Planning Services has retained Creative Planning to serve as the investment manager for all of the retirement plans of which Creative Planning Services serves as the agent of record.

Both companies recognize that some retirement plan providers may pay Creative Planning directly, in which case 100% of the proceeds will be transferred to Creative Planning Services. In some cases, Creative Planning Services will be paid directly.

Creative Planning Services will be responsible for all aspects of the management of the 401(k) plan with the exception of investment monitoring and investment selection. Creative Planning will be responsible for investment selection and monitoring.

To help control for the potential conflict of interest of using Creative Planning Services we conduct a periodic review of fees charged by other firms providing similar pension consulting services as Creative Planning Services. This is done to demonstrate that fees charged by Creative Planning Services are reasonable compared to other companies.

### **Creative Planning TPA Services, LLC**

Administration and record keeping services for qualified retirement plans can be provided for by Creative Planning TPA Services, LLC. Clients of Creative Planning TPA Services, LLC will be provided a plan document, participant support, and website for initiating transactions. Year end discrimination testing, Form 5500 preparation as well as other services outlined in the Administrative Services Agreement will be provided to administer the clients' retirement program. Creative Planning TPA Services, LLC is a joint venture with TPP Retirement Plan Specialist, LLC. A separate entity is selected to act as the custodian to execute trades placed over the website. TD Ameritrade Trust Company is the preferred custodian of Creative Planning TPA Services, LLC due to their ability to maintain a daily valued platform with a direct link to trades placed online.

### **Accounting Services – Creative Planning Accounting Services, LLC**

Creative Planning is under common ownership with an accounting firm, Creative Planning Accounting Services, LLC. Clients needing assistance with tax preparation and/or accounting services may be

referred to Creative Planning Accounting Services, LLC to work with their licensed Certified Public Accountant (CPFA) but are not obligated to use our affiliated accounting firm's services. If you choose to engage Creative Planning Accounting Services, LLC for tax preparation and/or accounting services, you will pay a fee separate and in addition to the fees paid to Creative Planning for investment advisory services.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

Creative Planning has established a Code of Ethics that applies to all employees of Creative Planning and is designed to, among other things; govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that Creative Planning and its employees owe a fiduciary duty to Creative Planning's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by Creative Planning continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee. This section is intended to be a summary of the Creative Planning code of ethics. Clients may receive a complete copy of the code of ethics upon request.

### **Participation or Interest in Client Transactions**

Creative Planning and its associated persons may buy or sell securities that are also recommended to clients. Securities recommended by Creative Planning are widely held and publicly traded. In addition, in accordance with its fiduciary duty to clients, Creative Planning and its associated persons will place client interests ahead of their own interests. Finally, we have developed policies and procedures under our Code of Ethics that require our employees to submit their personal securities holdings and transactions to our Firm. This is done so that we may monitor their investments to ensure compliance with our Code of Ethics and our general fiduciary duty to clients.

## **Item 12 – Brokerage Practices**

### **Recommendation of Broker/Dealers and Custodians**

You are under **no** obligation to act on the recommendations of Creative Planning and are free to select any broker/dealer or investment advisor you'd like to implement our recommendations. In other words, you are not *required* to work with us. However, if you want hire us for our Private Wealth Management service, we will be responsible for executing your account transactions and therefore responsible for attaining the best execution possible. Please note that we cannot promise or guarantee our brokerage platforms are the least expensive in the industry. There may be other platforms with lower costs.

For clients that open portfolio management accounts through Creative Planning, we will require use of a particular broker/dealer recommended or approved by us. We primarily recommend TD Ameritrade to serve as the clearing broker/dealer and custodian.

Please note that not all investment advisors require the use of particular broker/dealers. Some investment advisors permit client to use any broker/dealer of the client's own choosing. In very rare



cases, we may work with a client that wants to direct us to use a particular broker/dealer. In such cases, those clients must understand that we may be unable to effectively negotiate brokerage compensation on the client's behalf. When directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their selected broker/dealer(s) are adequately favorable in comparison to those that we would otherwise obtain for our clients. Clients with client-directed brokerage arrangements should also understand we may be limited in our trading ability (compared to platforms recommended by Creative Planning) and may be required to execute client directed trades after trades are implemented through accounts at our preferred platforms. Clients are encouraged to discuss available alternatives with their advisor representative.

### **Arrangements with TD Ameritrade**

The recommendation of TD Ameritrade and any other broker/dealer is based on past experiences, minimizing commissions and other costs as well as offerings or services the broker/dealer provides that Creative Planning or client may require or find valuable such as online access. Clients may pay commissions higher than those obtainable from other broker/dealers in return for those products and services. Commission and fee structures of various broker/dealers are periodically reviewed to ensure clients are receiving best execution. Accordingly, while Creative Planning will consider competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, the overall services provided by the broker/dealer are evaluated to determine best execution.

Although we consider the overall services provided by TD Ameritrade and factor the benefits provided to our clients, we have material arrangements with the TD Ameritrade that create an incentive for us to recommend TD Ameritrade over other broker/dealers. Some of the arrangements may result in conflicts of interest with our clients and are explained in the following sections.

### ***Research and Soft Dollar Benefits***

Creative Planning participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Creative Planning receives some benefits from TD Ameritrade through its participation in the program.

While there will not be a direct linkage between the investment advice provided by Creative Planning and the broker/dealers it recommends, economic benefits may be received that would not be received if Creative Planning did not use these services to implement the investment advice provided. These benefits may include, but not necessarily be limited to: receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Creative Planning by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Creative Planning's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Creative Planning's personnel to attend conferences or meetings

relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit Creative Planning but may not benefit its client accounts. These products or services may assist Creative Planning in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Creative Planning manage and further develop its business enterprise. The benefits received by Creative Planning or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Creative Planning endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Creative Planning or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Creative Planning's choice of TD Ameritrade for custody and brokerage services.

#### TD Ameritrade's iRebal Service

In selecting TD Ameritrade, Creative Planning takes into consideration its arrangement to obtain price discounts for TD Ameritrade's automatic portfolio rebalancing service for investment advisors known as "iRebal".

The standard iRebal annual license fee applicable to Creative Planning is \$75,000. However, the service has been provided to Creative Planning by TD Ameritrade for a complete fee-waiver. TD Ameritrade has agreed to provide the service at no additional cost because of Creative Planning's decision to maintain an agreed upon amount of client taxable assets on the TD Ameritrade platform. There are some client assets that are non-taxable assets and are excluded from the maintenance and commitment levels required. Excluded assets are "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If Creative Planning does not maintain the relevant level of taxable assets on the TD Ameritrade platform, Creative Planning may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although Creative Planning believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect Creative Planning's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

#### Additional Services Agreement

Creative Planning receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in TD Ameritrade's Institutional program. Specifically, the Additional Services include TD Ameritrade making available to Creative Planning the portfolio account services provided by ORION Advisor Services, LLC. This is an annual economic benefit of \$100,000. Please refer to Item 4 of this brochure for details of the services provided by ORION Advisor Services, LLC.

TD Ameritrade provides the Additional Services to Creative Planning in its sole discretion and at its own expense, and Creative Planning does not pay any fees to TD Ameritrade for the Additional Services. Creative Planning and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Creative Planning's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Creative Planning, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Creative Planning's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Creative Planning, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Creative Planning may have an incentive to recommend to its Clients that the assets under management by Creative Planning be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Creative Planning's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including seeking best execution of trades for Client accounts.

### ***Brokerage for Client Referrals***

Creative Planning may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Creative Planning may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Creative Planning and there is no employee or agency relationship between them. TD Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Creative Planning and has no responsibility for Creative Planning's management of client portfolios or Creative Planning's other advice or services. Creative Planning pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25% in the AdvisorDirect program, but Creative Planning has negotiated a fee not to exceed 25% with TD Ameritrade) of the advisory fee that the client pays to Creative Planning ("Solicitation Fee").

Creative Planning will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Creative Planning from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Creative Planning on the recommendation of such referred client. Creative Planning will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Creative Planning's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Creative Planning may have an incentive to recommend to clients that the assets under management by Creative Planning be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Creative Planning has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Creative Planning's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### **Trading Policy**

Our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or “block” client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Further, the investments we are responsible for trading in client accounts are typically limited to mutual funds, ETFs, and other broadly traded positions. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Reviews of clients’ portfolios are conducted daily to assure proper credits and debits and related matters. Creative Planning reviews client accounts in their entirety on a quarterly basis to determine any readjustment of assets according to Creative Planning’s active asset allocation model. Portfolios are also reviewed on an informal and periodic basis as needed or requested. Your investment advisor representative is the primary person responsible for reviewing your individual accounts managed by Creative Planning. Your investment advisor representative may seek the advice of other Creative Planning advisory personnel when conducting reviews and formulating strategies.

Clients are contacted annually regarding the financial planning update. Financial plans are updated more frequently than annually at the client’s request.

Comprehensive financial planning is included as part of the Creative Planning Private Wealth Management service. The financial plan includes a Net Worth Statement, retirement projections, education projections, asset allocation analysis and recommendations, diversification recommendations, a risk tolerance assessment, a risk management review, an estate planning review, as well as additional issues. Creative Planning reviews a client’s financial situation in detail. Similar to reviews of investment management accounts, your investment advisor representative is the primary person responsible for preparing and updating financial plans, but can seek the assistance of other advisory personnel when needed. You can call, e-mail or schedule in-person meetings with your investment advisor representative as often as needed.

### **Statements and Reports**

For clients with accounts managed through our Portfolio Management Services, we provide quarterly reports which are prepared and distributed by ORION Advisor Services, LLC (please refer to Item 5 – Fees and Compensation for a description of ORION’s services and our arrangement with their firm). The reports include current holdings, current asset allocations, performance, and other relevant information. In addition, clients receive account statements directly from the custodian holding the client’s account(s). Account statements are delivered at least quarterly. Clients are urged to compare the reports and statements provided by Creative Planning against the account statements delivered directly from the custodian.

## **Item 14 – Client Referrals and Other Compensation**

### **Other Compensation**

Creative Planning’s related persons that are insurance agents and insurance agencies receive commissions and other incentive awards for the recommendation/sale of insurance products. The receipt of this compensation may affect the judgment of Creative Planning’s related persons when

recommending products to its clients. While Creative Planning's related persons endeavor at all time to put the interest of the clients first as a part of Creative Planning's fiduciary duty, clients should be aware that the receipt of commission and additional compensation itself creates a conflict of interest, and may affect the judgment of insurance agents when making insurance product recommendations.

Please refer to Item 12 – Brokerage Practices for a description of the various other economic benefits received through our brokerage arrangements.

### **Client Referrals**

As previously disclosed in Item 12 – Brokerage Practices, we participate in TD Ameritrade's AdvisorDirect referral program and compensate TD Ameritrade for client referrals they provide to our firm. Please refer to Item 12 for details.

In addition to the TD Ameritrade arrangement, we have established several other arrangements whereby we compensate individuals and outside companies for client referrals. When a client is introduced to Creative Planning by either an unaffiliated or an affiliated person or company, we may pay the referring party a portion of the client's total investment management fee in accordance with the requirements of applicable federal and state "solicitor" rules. For example, employees of our related insurance agencies may refer clients to Creative Planning. In these cases, Creative Planning will compensate the referring insurance company by paying up to a percentage of the total fee charged by Creative Planning to the client.

When a prospective client is introduced to Creative Planning by an unaffiliated referring party, the referring party, at the time of initially introducing Creative Planning, is required to disclose the nature of the referral arrangement, and must provide the prospective client with a copy of this Disclosure Brochure together with a copy of a specific solicitor disclosure statement which explains the terms of the solicitation arrangement between Creative Planning and the referring party, including the compensation to be received by the referring party from Creative Planning. Affiliates of Creative Planning that refer clients and receive compensation from our firm must disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this Disclosure Brochure.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

Creative Planning is deemed to have custody of client funds and securities whenever the firm is given the authority to have fees deducted directly from client accounts. There is a small number of trust clients for which our firm's owner Peter Mallouk, in his separate capacity as an attorney with The Will & Trust Center, serves as trustee. Serving as trustee for clients is another form of custody.

For accounts in which Creative Planning or its related companies is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified

custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Creative Planning. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

Specific to accounts for which Peter Mallouk, in his separate capacity as attorney with The Will & Trust Center, serves as trustee, the firm has engaged an independent public accounting firm, not affiliated in any way with Creative Planning, to perform an annual surprise verification examination. The purpose of such an examination is to verify that the funds and securities held in accounts actually exist and are located at the applicable qualified custodian.

### **Item 16 – Investment Discretion**

Upon receiving written authorization from the client in our standard client agreement, Creative Planning provides discretionary investment advisory services for client accounts. When discretionary authority is granted, Creative Planning will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

Creative Planning may elect to purchase bonds through bond brokers in order to obtain a better price for the client and then have the bonds delivered into the client's brokerage account. This practice is called "trading away". This is the only case in which Creative Planning selects a broker to be used without specific client consent. The client's primary broker/dealer-custodian typically charges the client a transaction fee for "trading away" through other brokers.

In very limited situations, a client may be allowed to grant trading authorization on a non-discretionary basis. In these cases, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Creative Planning will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

Creative Planning does **not** vote proxy on behalf of clients. It shall be the client's ultimate responsibility to select and make all proxy voting decisions. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, Creative Planning has determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by Creative Planning firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by Creative Planning. Although Creative Planning does not vote client proxies, if you have a question about a particular proxy feel free to contact Creative Planning.

### **Item 18 – Financial Information**

This item is not applicable to this brochure. Creative Planning, Inc. does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, Creative Planning is not required to include a balance sheet for my most recent fiscal year. Creative Planning is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, Creative Planning has not been the subject of a bankruptcy petition at any time.

### **CUSTOMER PRIVACY POLICY NOTICE**

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Creative Planning does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

**Commitment to Your Private Information.** Creative Planning is committed to safeguarding the confidential information of its clients. Creative Planning holds all personal information provided by clients in the strictest confidence and it is the objective of the firm to protect the privacy of all clients. Except as permitted or required by law, the firm does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, the firm will provide clients with written notice and clients will be provided an opportunity to direct Creative Planning as to whether such disclosure is permissible.

**Why We Collect and How We Use Information.** To conduct regular business, Creative Planning, Inc. may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to the firm
- Information about the client's transactions implemented by the firm or others
- Information developed as part of financial plans, analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for Creative Planning to provide access to customer information within the firm and to nonaffiliated companies, with whom the firm has entered into agreements with. To provide the utmost service, the firm

may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on the firm's behalf.

- Information Creative Planning receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with the firm or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Creative Planning

**Sharing Information with Other Companies Permitted Under Law.** Since Creative Planning, Inc. shares nonpublic information solely to service client accounts, the firm does not disclose any nonpublic personal information about the firm's customers or former customers to anyone, except as permitted by law. However, the firm may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that the firm has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, the firm will allow its clients the opportunity to opt out of such disclosure.

**Former Customers.** Even if we cease to provide you with financial products or services, our Privacy Policy will continue to apply to you and we will continue to treat your nonpublic information with strict confidentiality.