

ALBANY FINANCIAL PLANNERS, INC.

**3 Atrium Drive
Suite 265
Albany, NY 12205**

February 29, 2012

**www.albanyfp.com
(518) 482-5777**

This brochure provides information about the business practices and qualifications of Albany Financial Planners, Inc. Please contact us at (518)482-5777 or info@albanyfp.com if you have any questions about the content of this brochure. 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.

Albany Financial Planners is registered as an investment adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine whether to hire or retain an adviser.

Item 2 - MATERIAL CHANGES

February 29, 2012

Dear Client,

This section of our brochure has been set aside to discuss specific material changes that have been made to the brochure dated January 13, 2011 and provide you with a summary of such changes.

Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to our brochure within 120 days of the close of our business' fiscal year. We will provide other ongoing disclosure information about material changes as necessary.

The material changes include the following:

Under Item 4 - Advisory Business:

Our actively managed assets (IAS) are \$242,603,000 as of February 29, 2012.

We will further provide you with a new brochure, as necessary, based on changes or new information, at any time, without charge. Currently, our brochure may be requested by contacting Donald W. Carman, Jr., CCO, at (518) 482-5777 or info@albanyfp.com. Additional information about AFP is available via the SEC's web site www.adviserinfo.sec.gov.

Thank you for choosing Albany Financial Planners, Inc. If you have any questions about the information in this brochure, please contact me.

Sincerely,

Donald W. Carman, Jr.
Chief Compliance Officer
Albany Financial Planners, Inc.

Item 3 - TABLE OF CONTENTS

Item 1 - Cover Page	i
Item 2 - Material Changes	ii
Item 3 - Table of Contents	iii
Item 4 - Advisory Business	1
Item 5 - Fees and Compensation	1
Item 6 - Performance Based Fees and Side-by-Side Management	2
Item 7 - Types of Clients	2
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	2
Item 9 - Disciplinary Information	3
Item 10 - Other Financial Industry Activities and Affiliations	3
Item 11 - Code of Ethics	3
Item 12 - Brokerage Practices	4
Item 13 - Review of Accounts	4
Item 14 - Client Referrals and Other Compensation	5
Item 15 - Custody	5
Item 16 - Investment Discretion	5
Item 17 - Voting Client Securities	5
Item 18 - Financial Information	5

Item 4 - Advisory Business

Albany Financial Planners, Inc. (“AFP”) is a fee only financial planning firm incorporated in 1984, with no affiliated companies. Michael J. Hickey and Donald W. Carman, Jr. are the only shareholders and officers of the corporation. Over the years, we have maintained the philosophy of putting the clients’ needs first and creating relationships based on trust. AFP provides financial planning services which include personal financial analysis and recommendations in areas such as investment advisory services, tax planning/preparation, retirement and estate planning along with business consulting services. These financial planning services are tailored to each client’s individual needs. AFP also provides the Investment Allocation Service (IAS) to provide ongoing oversight of those assets clients have engaged us to manage on their behalf. A similar service to IAS is the Investment RE-ALlocation Service (REAL). Smaller, qualified accounts (e.g. IRAs and 403(b)s) and annuities using the REAL service are reviewed and changes are made quarterly. The IAS and REAL services are provided to clients and guided by agreed upon risk levels. As of December 31, 2010, actively managed assets (IAS) totaled \$217,356,000 and total REAL service assets were \$23,654,000.

Item 5 - Fees and Compensation

AFP’s only source of revenue is from client fees for services rendered. These fees may be billed hourly, on a fixed fee basis, or as a non-negotiable percentage of assets actively managed (IAS) or reallocated quarterly (REAL). Client’s bills are computed and payable in advance in the first month of each quarter for both the IAS and REAL Services. The amount billed is established in a written agreement and based on the valuation of assets under management on the last day of the prior quarterly period. Clients may elect to be billed directly for fees or to authorize AFP to directly debit fees from their accounts. IAS accounts initiated or terminated during a calendar quarter will be charged a fee for the partial period. Management fees shall be charged for each capital contribution made during the applicable calendar quarter (with the exception of de minimus contributions) according to the schedule described in the agreement. Fees are not adjusted for withdrawals other than terminations. If AFP receives written notice of termination (as required in our agreement) prior to assets being transferred, any prepaid fees are refunded on a declining scale for any remaining full calendar months. For example, IAS fees are assumed to be earned at the rate of .1% for each calendar month or partial month that has passed since the quarterly period began, up to a maximum of .25% for a quarter.

The rates used for hourly billing are based on several factors, the primary factor being the experience of the staff member. Billable hours include analysis, preparation, presentation and implementation of the recommendations. Under certain circumstances, some clients may be billed a fixed fee. The hourly rates are subject to change without notice.

To engage AFP for hourly financial planning services, the client signs a Letter of Engagement and is required to pay a deposit. The time spent on that individual’s financial planning is charged against this initial deposit at the current hourly rates. Any charges that exceed the initial deposit are billed to the client on a periodic basis for services rendered. Financial planning fees may occasionally be discounted when the planning process is lengthy, extensive or for special circumstances. A client may terminate the planner-client relationship at any time. Within 6 months of retaining our services, any charges for planning services, including administrative time directly related to the client (preparation of data collection forms, internal client records, file maintenance, etc.) will typically be applied against the retainer deposit. All unused amounts of the original fee deposit paid are refundable to the client upon receipt of written notice.

Fee Schedule

Investment Allocation Service (IAS)

On the first \$1 million	1% annually
On the next \$1 million	.8% annually
On the next \$2 million	.6% annually
Any Assets over \$4 million	.5% annually

RE-ALlocation Service (REAL)

.6% annually on all accounts covered under this service which includes annuities and Individual Retirement Accounts (Traditional and Roth IRAs).

Hourly Billing Rates

Officers	\$170/hour
Professional Staff	\$70-\$90/hour
Financial Paraplanners	\$50-\$65/hour
Support Staff	\$30-\$35/hour

Mutual funds and Exchange Traded Funds charge internal management fees. These costs are fully disclosed in each prospectus and are indirectly paid by the client as a fund shareholder through withdrawals from fund assets. Such charges are exclusive of, and separate from, AFP's fees and AFP does not receive any portion of client costs. AFP evaluates the internal costs of all mutual funds that are considered for a client portfolio. Neither AFP nor any of its employees receives commissions or any other compensation from any mutual fund groups, brokerage firm or insurance company. The section on Brokerage Practices describes the factors that AFP considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of the compensation (e.g. commissions) to those firms.

Item 6 - Performance Based Fees and Side-by-Side Management

AFP does not charge any performance based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client). Many clients engage AFP for both investment management services as well as hourly financial planning services.

Item 7 - Types of Clients

AFP provides portfolio management and hourly financial planning services to individuals, individual and corporate retirement plans, trusts, various business entities and non-profit organizations.

The minimum account size to open an IAS account is \$100,000. The minimum account size for a REAL account is typically \$25,000. In addition, AFP reserves the right to refuse to accept proposed management responsibilities or to resign from management of any individual account with written notice. There is no minimum amount of assets required for financial planning services on an hourly fee basis.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

AFP utilizes a range of investment strategies to implement advice we give clients and to manage accounts including: long-term purchases, short-term purchases and occasional option writing including covered options in a very limited number of accounts. AFP's primary investment approach involves building a diversified portfolio using no-load mutual funds. Other securities such as Exchange Traded Funds, individual stocks or bonds are used less frequently or may be part of a client's portfolio prior to working with AFP. Examples of investments utilized by AFP include:

- Large & Small Capitalization Domestic Stock Mutual Funds
- Large & Small Capitalization International Stock Mutual Funds
- Stock Index Funds, Exchange Traded Funds
- Individual Stocks
- Corporate, Government and Municipal Bond Mutual Funds
- Individual Corporate, Government and Municipal Bonds
- Money Market Funds, Certificates of Deposit and U.S. Treasury Bills

While we attempt to reduce volatility and risk in clients' portfolios by diversifying the financial investments held in their accounts, there is risk of loss in every investment that clients should be prepared to bear. To supplement our internal investment analysis, we purchase independent research available from a variety of third party sources, including software for screening mutual funds and independently published newsletters, along with prospectuses published by mutual fund companies. We select mutual fund managers who may vary in their method of analysis. The security analysis methods of these fund managers may include fundamental analysis, technical analysis, etc. Financial markets will rise and fall with the economic cycle and in reaction to various events. In simple terms, this means there will be times when the financial markets decline and your portfolio will most likely also decline. The goal is to earn a rate of return commensurate with your chosen risk level and any portfolio constraints you have identified.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be relevant to your evaluation of AFP or the integrity of AFP's management. AFP and its employees have never had a complaint filed against the firm with any regulatory agency nor has the firm ever been disciplined by any agency since its incorporation in 1984.

Item 10 - Other Financial Industry Activities and Affiliations

AFP does not engage in activities in financial industries or have affiliates other than those described in this document.

Item 11 - Code of Ethics

The needs and best interest of our clients are the priorities of all AFP employees. AFP has adopted a Code of Ethics for all members of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures. All supervised persons at AFP must acknowledge the terms of the Code of Ethics at least annually.

AFP anticipates that, in appropriate circumstances, the firm will recommend to investment advisory clients the purchase or sale of securities in which AFP, its affiliates and/or clients, directly or indirectly, have a position of interest. AFP's employees are required to follow AFP's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, employees and related parties of AFP from time to time may purchase securities that are also recommended to clients. However, the securities are never purchased in such large quantities or types that would have any influence on the pricing of a security. An example would be an investment in a large mutual fund. Under the Code of Ethics, transactions in certain classes of securities (e.g. mutual funds) have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of AFP's clients. Employee trading is regularly monitored under the Code of Ethics to reasonably prevent conflicts of interest between AFP and its clients. All employees must identify their personal and family investment accounts and report relevant transactions and investment activity on a quarterly basis and account positions annually to AFP's Chief Compliance Officer.

AFP's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Donald W. Carman, Jr., CCO.

Item 12 - Brokerage Practices

The primary investment vehicle for our asset management services is no-load mutual funds that are usually purchased through the No-Transaction Fee network available from Fidelity Investments. We may occasionally purchase individual stocks, bonds or exchange traded funds for client accounts. The quantities purchased of these individual securities are relatively minor and typically represent a small portion of the client's account. We periodically review the costs of trading individual stocks and bonds to be sure the costs paid by clients (typically \$8-\$11 per trade) is comparable to those charged by other firms providing similar services. Less than 1% of all transactions initiated by AFP involve these extra trading costs. These trades are typically only considered after discussion or request by a client. We also regularly review the accuracy and timing of requested trades for individual securities as well as mutual funds.

AFP utilizes the services for Investment Advisers available through Fidelity Investments. There is no direct link between the services provided and the investment advice AFP gives clients. These services allow AFP certain benefits that may not otherwise be available to individual investors such as:

- Service teams dedicated to adviser accounts
- Electronic downloads of trades and account balances
- Duplicate client statements and confirmations
- The ability to have advisory fees deducted from client accounts
- Access to a trading desk
- Access to an electronic communication network for client order entry
- Access to mutual funds with no transaction fees
- Securities research that may also be available to individual investors with large portfolios held at Fidelity
- Slightly reduced prices on compliance, marketing, technology and practice management products or services purchased by AFP from third party vendors

These benefits are used for all client accounts and are not paid for by clients through fees, commissions or other costs.

In unmanaged accounts, on those occasions when clients must sell or desire to purchase individual securities, the client makes the final decision in the selection of any broker or agent through which securities or insurance transactions are executed and they are under no obligation to conduct those transactions through any particular licensed broker or dealer. While it may be more convenient for a client to deposit their unmanaged assets into a Fidelity brokerage account, clients are encouraged to compare and choose the broker/agent who best serves their needs in the most cost effective manner in non-managed asset scenarios. Under these circumstances, the client also makes the final decision as to the quantities and price at which a security will be purchased. AFP does not share in any commissions or receive referral fees, expense reimbursements, or compensation from any source other than client fee payments.

Item 13 - Review of Accounts

All managed portfolios are reviewed in aggregate on a regular basis. Individual IAS account performance is compared to other similar accounts with the same risk level and is compared to appropriate indexes or index funds that provide guidelines for various components of the portfolio. Account balances are reconciled in total each day to account for the daily activity in the accounts.

We send semi-annual written investment reports to clients who engage in our separate IAS service. Clients also receive statements, at least quarterly, from the financial services company (mutual fund group) where the investments are held. For these managed accounts, a confirmation providing details of the transactions is sent directly from the mutual fund group to the client. Any particular securities (e.g. no load mutual funds) that have been suggested for the consideration of clients are monitored internally on a regular basis by our staff, so that performance information on these securities is available upon request by clients.

Michael J. Hickey, CFP is the president of AFP. His responsibilities include all investment decisions in the 520 investment accounts that are managed by AFP through the firm's Investment Allocation Service (IAS), along with the 357 accounts utilizing the Investment RE-ALlocation Service (REAL). He also provides annual financial planning services to approximately 136 clients. Donald W. Carman, Jr., CPA is the Vice-President of AFP. His responsibilities include oversight and final review of approximately 500 income tax returns prepared by AFP. He also provides annual financial planning services to approximately 110 clients. In preparation for the annual review for financial planning clients, the two officers will often consult with each other or receive staff assistance with research, projections or administrative support in preparing the written annual update that may include services such as retirement planning, estate planning, etc. The two corporate officers also provide limited financial planning services each year to several clients who do not require a more comprehensive annual review.

Item 14 - Client Referrals and Other Compensation

AFP does not receive compensation nor does it pay any fees for referrals made or received.

Item 15 - Custody

Clients should receive at least quarterly statements from their broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. AFP urges clients to carefully review such statements and compare such official custodial records to their account statements provided semi-annually by AFP. Our statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities. AFP does not require prepayment of more than \$1,200 in fees per client and 6 months or more in advance. AFP does not have custody of client assets other than to the extent of its ability to withdraw management fees directly from client accounts.

Item 16 - Investment Discretion

AFP usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Investment guidelines and risk level are provided to AFP in writing through an Investment Policy Questionnaire and the resulting Investment Policy Statement. These documents show broad model portfolio guidelines as to allocations among stocks, bonds and cash for each risk level. The client must choose to utilize the model available in their chosen risk level. Clients may choose to change their risk level at any time including a temporary reduction in risk level under certain circumstances determined on a client by client basis and upon providing written instructions to AFP.

Item 17 - Voting Client Securities

AFP does not, as a matter of firm policy and practice, have the authority to vote proxies on behalf of any client. All proxy materials are sent directly to the client, who is responsible for voting the proxy.

Item 18 - Financial Information

AFP is not required to provide clients with financial information or disclosures about AFP's financial condition since we do not have custody of client assets with the exception of the ability to deduct management fees from clients' accounts.