

USAA Financial Planning Services Insurance Agency, Inc.

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This Brochure provides information about the qualifications and business practices of USAA Financial Planning Services Insurance Agency (FPS). If you have any questions about the contents of this Brochure, please contact us at 800-640-7526. 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 FPS also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure dated March 31, 2012 is an amendment filing to our last annual update filed March 31, 2011. There have been no material changes to the Brochure since that filing.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business's fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. Our Brochure may be requested by calling 800-640-7526.

Additional information about FPS is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with FPS who are registered, or are required to be registered, as investment adviser representatives of FPS.

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Item 4 – Advisory Business

FPS provides various levels of financial planning services designed specifically for members of United Services Automobile Association (USAA), a diversified financial services organization which wholly owns FPS. FPS has been a registered investment adviser since 1996. FPS provides financial planning services for, among others, USAA members, persons eligible to be USAA members, and persons enrolled in the USAA Wealth Management program, which offers personalized comprehensive solutions regarding asset accumulation, wealth protection and distribution, and transfer of wealth and which is available to certain USAA members with a specified amount of qualifying assets, generally no lower than \$250,000.

FPS provides a wide range of advice about financial topics including estate planning, taxes, retirement, insurance and annuity needs, bank deposit products, risk management, debt management, survivorship, resource management and investment advice.

The most comprehensive level of service FPS provides to individuals is a Comprehensive Financial Plan, which involves developing a financial framework from questions provided to the individual, then providing a personalized analysis which provides a detailed assessment of the client's unique financial situation that may include areas such as:

- Net worth calculation;
- Cash flow statement and projection;
- Recommendations for appropriate investment, asset allocation, insurance, and debt arrangement;
- Detailed analysis for retirement, education, estate planning, and other life events;
- Graphic illustrations showing how current and future resources may be managed to meet your financial goals;
- A checklist of actions steps to implement your Financial Planner's recommendations; and
- Personal telephone and e-mail counseling and assistance in implementing your plan.

The fee for this service is \$1,500. Enrollment for the plan begins upon completion of the enrollment form and payment of initial fee.

FPS also offers a financial planning service referred to as Consultation Services. Consultation Services may be provided to individuals who request specific advice on a narrow range of financial topics. The current fee for this service is \$150.

FPS offers complimentary financial consultation services in certain programs for members of USAA. These programs include but are not limited to complimentary consultation services to: (1) members of a deceased parent, spouse, child or sibling to understand the probate process, Social Security options and pension issues, and to reprioritize financial

goals; (2) beneficiaries of life insurance policies and annuities issued by USAA Life Insurance Company (LIC); (3) persons enrolled in USAA Wealth Management; and (4) members enrolled in other programs, including Trust Services of USAA Federal Savings Bank (FSB), concentrating on estate planning basics, retirement strategies and coordination of military benefits with other benefits.

FPS provides the following investment advisory services to clients: (i) educating clients about the principles of sound investing; (ii) using asset allocation models to assist clients in assembling appropriate investment portfolios or in selecting professional money managers; (iii) providing advice regarding mutual fund investing and the types of mutual funds clients may wish to consider, including, should the client request, recommendations of selected funds; (iv) discussing the use of professional money managers by clients with an investable asset base in excess of \$25,000; and (v) assisting clients in periodically reviewing their investment portfolios.

While investment advice described above will be a component of FPS services, FPS will provide a broad range of financial planning advice, including, among other things, estate planning, tax strategies, retirement matters, risk management, debt management, survivorship and resource management.

FPS Financial Planners may recommend some allocation of client's investable assets into certain mutual funds, including mutual funds advised by USAA Asset Management Company (AMCO), a registered investment adviser, and wrap fee programs sponsored by USAA Investment Management Company (IMCO), a registered broker-dealer and investment adviser. Both AMCO and IMCO are under common control with FPS. FPS is compensated by IMCO for opening and servicing accounts with IMCO and/or IMCO products and services, including AMCO mutual funds and IMCO wrap programs. FPS Financial Planners may also recommend an annuity or certain types of insurance coverage. FPS employees may discuss your Comprehensive Financial Plan or Consultation with you and may recommend that clients, when appropriate, consider an annuity or certain insurance coverage and may recommend a particular annuity or insurance product offered by USAA and its affiliates. FPS may receive compensation from those affiliates for such activity.

Item 5 – Fees and Compensation

As noted in Item 4 above, the most comprehensive level of service FPS will provide an individual is its Comprehensive Financial Plan. The fee for this service is \$1,500. Enrollment for the plan begins upon completion of the enrollment form and payment of initial fee.

FPS also offers a financial planning service referred to as Consultation Services. The current fee for this service is \$150. In addition, purchasers of certain services and products

through FPS' affiliates, IMCO, FSB and LIC may be eligible to receive a free plan, discounts on a plan or other financial planning services, or receive reimbursement for a plan or financial planning services already purchased if they meet certain threshold requirements. In such cases FSB, IMCO and LIC pay FPS for such services. FPS may waive any or all of its fees for certain of its clients.

Fees are generally payable upon enrollment for the financial planning service and may be paid by major credit card. Clients may terminate their enrollment at any time and may request a refund at anytime.

If an FPS client seeks a recommendation for a broker, and FPS determines that it is appropriate to do so, FPS may recommend the client use USAA Financial Advisors, Inc. (FAI) to facilitate opening an account with IMCO. FAI is a wholly owned subsidiary of FPS and may receive compensation from IMCO for such activity. If the client chooses FAI to execute securities transactions, the client could incur brokerage and other transactions costs. Please see Item 12 entitled *Brokerage Practices* for additional information. Any client has the option to purchase investment products that FPS recommends through other brokers or agents not affiliated with FPS, and may incur brokerage or other transaction costs charged by such unaffiliated broker or agent.

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

FPS does not charge any performance-based fees.

Item 7 – Types of Clients

FPS provides portfolio management services to individuals who may be USAA members, trusts, estates, 401(k) plans and IRAs of individuals and their family members. FPS provides services without regard to account size.

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

FPS provides advice about investments in equity and fixed-income securities as well as mutual funds and advisory wrap fee programs. All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). As you know, stock markets and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of your account assets that is out of our control. We cannot guarantee any level of performance or that you will not experience a loss as a result of the advice we may provide.

Clients receive investment advice based on asset allocation models developed by IMCO according to prototype client profiles. In formulating such asset allocation models, IMCO considers a number of factors, including the ramifications of different investor profile characteristics and an assessment of current economic and market views expressed by economists, analysts and bank and securities firms. In applying the asset allocation guidelines, FPS's Financial Planners will, under the supervision of FPS (i) determine a client's investor profile; and (ii) modify the allocation to reflect individual characteristics or circumstances not described in the generalized client profile. Each investor has their own financial situations, investment time horizon, funding strategy, investment experience, tax status, risk tolerances, goals, and other life circumstances that dictate the appropriate allocation for that profile. Additional information regarding the asset allocation models developed by IMCO is available in IMCO's Form ADV, a copy of which is available upon request.

Item 9 – Disciplinary Information

FPS is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FPS or the integrity of FPS's management. FPS has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

FPS is a subsidiary of USAA, which is a diversified financial services organization that provides many different financial products to its members, including, among other things, property and casualty insurance, mutual fund and brokerage products, life insurance and banking services.

FPS is engaged in providing fee-based planning services. FPS is a registered investment adviser and insurance agency, and therefore provides advice about investments and insurance. In addition to being licensed as investment adviser representatives of FPS, FPS employees also may be licensed as broker-dealer representatives of FPS' wholly-owned subsidiary, FAI, which is a registered broker-dealer that acts as an introducing broker. FPS also is affiliated with IMCO, a registered investment adviser and broker-dealer. Clients of IMCO may be eligible to receive a free financial plan from FPS, or receive reimbursement for a plan already purchased, if they meet certain threshold requirements (i.e., assets under management, combined account size, or as a promotional incentive). In addition, IMCO compensates FPS for opening and servicing accounts with IMCO and/or IMCO products and services, including AMCO mutual funds and IMCO wrap programs. FPS is affiliated with USAA Mutual Funds Trust, a registered investment company advised by AMCO and distributed by IMCO.

FPS employees and employees of its affiliates may provide material assistance in identifying clients appropriate for services of the relevant USAA affiliate, including FPS. These USAA affiliated entities include but are not necessarily limited to:

Catastrophe Reinsurance Company (insurance company or agency)
Enterprise Indemnity Captive Insurance Company, Inc. (insurance company or agency)
Garrison Property and Casualty Insurance Company (insurance company or agency)
USAA Casualty Insurance Company (insurance company or agency)
USAA County Mutual Insurance Corporation (insurance company or agency)
USAA General Indemnity Company (insurance company or agency)
USAA Insurance Agency, Inc. (insurance company or agency)
USAA Limited (insurance company or agency)
USAA Texas Lloyd's Company (insurance company or agency)
USAA Life Insurance Company (insurance company or agency)
USAA Life Insurance Company of New York (insurance company or agency)
USAA Direct Life Insurance Company (insurance company or agency)
USAA Federal Savings Bank (banking and thrift institution)
USAA Investment Management Company (other investment adviser and broker-dealer)
USAA Financial Advisors, Inc. (broker-dealer)

Because FPS is part of the above group of USAA companies that collectively offer property and casualty insurance, life and health insurance, banking products and services, and investment products and services, FPS employees could recommend products and services offered by USAA or an affiliated company, including banking products, insurance products, advisory services or mutual funds offered or issued by affiliated companies and may be compensated for those activities by the relevant affiliated company. If a client chooses to purchase products recommended by FPS employees that are issued or offered by an affiliated company, the affiliated company could earn fees or other forms of compensation as a result of a client's purchase of such products or services.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

FPS has a written Code of Ethics (Code) and policy statement concerning insider trading. The purpose of the Code is to establish minimum standards of ethical conduct for FPS personnel. Under the Code, among other things, all personnel must agree to place the interests of FPS's customers above their own personal interests, to refrain, in the conduct of their personal affairs, from taking any inappropriate advantage of their roles and responsibilities with FPS, and to comply with the federal securities laws. In addition, all personnel are required to report all brokerage accounts in which they have a beneficial interest and to certify that they received and understand the Code. The Code is overseen by the Investment Code of Ethics Committee, which is responsible for enforcing the provisions of the Code. A complete copy of the Code is available upon request by calling (800) 531-USAA.

FPS may recommend that its clients affect securities transactions through FAI (its wholly-owned broker-dealer subsidiary), or clients may choose to use FAI without any

recommendation from FPS. FAI uses FPS's affiliate, IMCO, to clear client transactions. The affiliation between FPS, FAI, AMCO, and IMCO is fully disclosed to clients. IMCO may receive commissions or other fees for effecting client transactions. In addition, FPS may recommend that clients purchase mutual funds advised by AMCO and distributed by IMCO or open wrap accounts sponsored and advised by IMCO. AMCO will earn management fees on mutual fund investments. IMCO will earn transfer agency fees on mutual fund investments and will earn management fees and possibly transaction fees in connection with wrap program accounts.

Item 12 – Brokerage Practices

FPS does not select brokers for clients. If a client requests a recommendation for a broker dealer, FPS assists the client in determining whether his needs require a full service or discount broker, but does not analyze the reasonableness of commissions for clients who require the services of a broker. FPS is not in a position to evaluate whether a client might pay a commission higher than that obtainable from other brokers to the broker who the client ultimately selects.

If an FPS client seeks a recommendation for a broker, and FPS determines that it is appropriate to do so, FPS may recommend the client use FAI as an introducing broker (in which case IMCO will act as clearing broker). FPS may be compensated by FAI for that activity. FPS may determine it is appropriate to recommend FAI only after assessing each client's individual needs and preferences for certain types of brokerage services, including but not limited to the client's desire for simplicity and consolidation of account management, for consistency of a technology platform and for a certain level and quality of services provided. If the client chooses FAI to execute securities transactions, IMCO, as clearing broker to FAI, could earn commissions or other fees for executing such transactions.

In addition, FPS may recommend certain IMCO products and services to its clients, including mutual funds advised by AMCO and distributed by IMCO, and wrap programs advised by IMCO, and FPS is compensated for such referrals by IMCO. When IMCO, which is a dually-registered investment adviser and broker-dealer, acts as a broker-dealer for the purposes of distribution and servicing of the USAA mutual funds, or offers brokerage execution, settlement, transaction processing and custodial services for its affiliates, FPS and FAI, and/or acts as an adviser with respect to USAA wrap programs, IMCO could earn commissions, other fees, and management fees for its services. Similarly, AMCO, which is a registered investment adviser, may earn management fees for services provided to USAA mutual funds.

FPS does not direct clients to a particular broker in return for products and services and does not use research provided by brokers to service particular client accounts. FPS will not receive any fees or other direct economic benefit from the investment advisers or

securities brokerage firms that it recommends other than the economic benefits that may be received as a result of making referrals to affiliated companies.

If appropriate for the client, FPS may recommend participation in advisory programs offered by IMCO, mutual funds advised by AMCO, or trust services offered by the FSB. Otherwise, FPS generally does not recommend investment advisers to clients.

Item 13 – Review of Accounts

FPS does not perform account reviews because FPS does not have ongoing responsibility for customer accounts and does not custody such accounts.

Financial plans for clients, prior to their completion, are reviewed periodically by FPS managers in the Wealth Management program. Although the exact review process depends upon the nature and terms of the specific client engagement, the following description of the review process generally applies: the triggering factor for a review is (1) the provision of a Plan or report to the client; or (2) changes in a clients' financial circumstances that are communicated to the Financial Planner, provided that the client is enrolled in a product that provides ongoing advice as specifically agreed to in writing with FPS and the client.

Item 14 – Client Referrals and Other Compensation

FPS, through its Certified Financial Planner™ professionals, provides fee-based financial planning services to USAA members and their families, and provides free advice to USAA members through employees, who are both investment adviser representatives of FPS and registered representatives of FPS's wholly owned subsidiary, FAI.

FPS employees may refer USAA members to other USAA affiliates, including IMCO, and FPS is compensated for such referrals by IMCO. Such referrals are treated in the same way that cash solicitation services would be treated and therefore the affiliation between FPS and IMCO is fully disclosed to USAA members who are referred by FPS to IMCO for advisory services.

FPS does not directly pay any individual person for referrals of USAA members to FPS affiliates or recommendations to USAA members with respect to investment products offered by FPS affiliates. Specifically, FPS' Member Service Representatives (MSRs) and Financial Planners are not compensated directly for accounts opened with or serviced by FPS affiliates, including, but not limited to, accounts opened with IMCO. However, as part of the overall performance evaluation of certain employees of FPS, all of whom are salaried, referrals of USAA members to FPS affiliates is taken into account and can affect those employees' salary and/or company bonus.

Item 15 – Custody

FPS does not manage any client's specific investment portfolio and does not maintain custody of any client's funds.

Item 16 – Investment Discretion

FPS does not manage or exercise discretionary authority over the securities held in any client account.

Item 17 – Voting *Client* Securities

FPS does not have or exercise voting authority over the securities held in any client account, and thus has not adopted proxy voting policies and procedures. It is the client's responsibility to vote proxies for any individual security or mutual fund owned by the client.

Item 18 – Financial Information

FPS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.