



**L.K. BENSON  
& COMPANY**

L.K. BENSON & COMPANY, P.C.  
Form ADV – Part 2A  
The Brochure

Updates March 2012

1107 Kenilworth Drive, Ste 302  
Baltimore, MD 21204  
410-494-6680  
[www.lkbenson.com](http://www.lkbenson.com)

This Brochure provides information about the qualifications and business practices of L.K. Benson & Company, P.C. If you have any questions about the contents of this Brochure, please contact us at 410-494-6680 and/or [Lyle@lkbenson.com](mailto:Lyle@lkbenson.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about L.K. Benson & Company, P.C. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 2012 represents the new narrative style required by the Securities and Exchange Commission as mandated by Release No. IA-3060.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

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 Kelly Sheehan at 410-494-6680 or [kelly@lkbenson.com](mailto:kelly@lkbenson.com). Our Brochure is also available on our web site [www.lkbenson.com](http://www.lkbenson.com), also free of charge.

Additional information about L.K. Benson & Company, P.C. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Summary of Material Changes:**

Since our last filing on March 31, 2011, we have made the following material change to our Form ADV Part 2A:

- Our Form ADV Part 2A has been revised to reflect our total non discretionary assets under management to include the entire value of each securities portfolio for which we provide continuous and regular supervisory or management services.

## Table of Contents

Cover Page.....	1
Material Changes.....	2
Table of Contents.....	3
Advisory Business.....	4
Fees and Compensation.....	5
Performance-Based and Side-By-Side Management.....	6
Types of Clients.....	6
Method of Analysis, Investment Strategies and Risk of Loss.....	6
Disciplinary Information.....	6
Other Financial Industry Activities and Affiliations.....	7
Code of Ethics.....	7
Brokerage Practices.....	8
Review of Accounts.....	9
Client Referrals and Other Compensation.....	9
Custody.....	9
Investment Discretion.....	10
Voting Client Securities.....	10
Financial Information.....	10
Investment Advisor Information.....	10

## **ADVISORY BUSINESS**

L.K. Benson & Company, P.C. provides the following services as part of its advisory business:

1. Investment Advisory Services
2. Financial Planning
3. Tax Planning and Preparation

At December 31, 2011 L.K. Benson & Company had nondiscretionary assets under management of \$174,187,911 and total assets under management of \$174,187,911.

### **Investment Advisory Services**

L.K. Benson & Company, P.C. (hereinafter, "LKB", "Advisor" or the "Firm") is a professional corporation formed under the laws of the State of Maryland. The firm has been registered with the Securities and Exchange Commission as an investment adviser since 1996. The principal owner of the firm is Lyle K. Benson, Jr.

Investment Advisory Services may include the following: development of written investment policy statements, asset allocation, monitoring the performance of money managers and mutual funds, and assisting clients with the selection of money managers and mutual funds.

LKB assists clients in developing an appropriate Investment Policy Statement for assets under management. The Investment Policy is based on the client's investment goals, objectives and risk tolerance. The firm provides continuous monitoring and management of the investment vehicles chosen to implement the investment strategies. If needed, and with the client's authorization, client portfolios may be rebalanced or policies modified if client objectives or circumstances dictate change.

A client will be required to enter into an Investment Advisory Agreement prior to engaging LKB to provide investment advisory services. The Agreement establishes the terms and conditions of the engagement, describing the scope of the services provided and the fee for those services.

A client may terminate its investment advisory agreement with written notice to LKB and will be effective upon receipt. Upon termination, fees paid in advance will be prorated and any unearned portion will be returned to the client. The refund will be calculated based on the number of days remaining in the billing period after the date of termination. Fees paid in arrears will be pro-rated and any earned portion will be due to LKB. The fee will be calculated based on the number of days during the billing period that the account was managed before the date of termination.

Client receive reports from LKB with respect to their investment portfolio, this is in addition to statement received from the qualified custodian.

## Financial Planning Services

L.K. Benson & Company provides a wide variety of personal financial planning services on an hourly fee basis in addition to its services of tax planning and preparation. These services include retirement planning, estate planning, education funding, cash flow analysis, risk management and tax planning.

## FEES AND COMPENSATION

### Overview

We are fee-only financial planners. We are compensated only by our clients. The fees are dependent upon the client's choice of the previously mentioned services. Our hourly fees are based on the hourly rates for each of our staff. The clients for whom we provide investment-monitoring services are generally charged a quarterly retainer. This fee covers not only the investment monitoring services, but also advice on other financial planning areas.

### Investment Advisory Services Fee:

Fees for Investment Advisory Services are billed a quarterly fee. The quarterly fee established for non-hourly investment advisory services is confirmed in the client's engagement letter. A copy of the signed engagement letter is provided to the client and a copy is maintained in the client's file. Some clients, who are using only mutual fund managers, are charged based on the assets monitored in accordance with the breakdown presented in Table 1. This fee is also detailed in the engagement letter

Table 1

\$100,000 - \$250,000	1 % of Assets
\$250,000 - \$500,000	.80% of Assets
Over \$500,000	.75% of Assets

### Financial Planning Services Fee:

Fees for Financial Planning Services are billed at an hourly rate with a range from \$100 - \$350, depending on the level of the individual performing the service. These fees are negotiable and are established as stated in the client's engagement letter.

All fees are subject to negotiation. The specific manner in which fees are charged by L.K. Benson & Company, P.C. is established in a client's written agreement with the firm. L.K. Benson & Company, P.C. will generally bill its fees on a quarterly basis. Management fees calculated according to Table 1 shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

L.K. Benson & Company, P.C.'s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to L.K. Benson & Company, P.C.'s fee, and L.K. Benson & Company, P.C. shall not receive any portion of these commissions, fees, and costs.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

L.K. Benson & Company, P.C. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **TYPES OF CLIENTS**

L.K. Benson & Company, P.C. provides investment management services primarily to individuals, families and trusts. LKB currently has no contractual minimum investment size for clients.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Our clients typically have a number of money managers, stockbrokers, and mutual funds, and often come to us without an overall strategy for their investments. We help them develop an investment policy statement -- discussing in detail their risk tolerance and return requirements to reach their goals. We believe that asset allocation among a wide variety of asset classes is an important element of investment success. Once a basic strategy is in place, the regular monitoring of the performance of investments and asset allocation begins. We also assist our clients with money manager or mutual fund selection. We are not money managers, but serve as objective advisors for our clients, often taking on the role of coordinator of their various investment advisors. In a declining market, asset allocations employed by LKB do not assure profit or protection against loss. Our clients are aware that various investment strategies involve risk of loss.

## **DISCIPLINARY INFORMATION**

L.K. Benson & Company, LLC nor its principle or employees have been involved in any legal or disciplinary action with any federal, state statutory, regulatory agency or self-regulatory organizations.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

L.K. Benson & Company recognizes that proper Financial Planning requires a high degree of specialization in certain areas. Therefore, L.K. Benson maintains relationships with outside specialists and consultants in many areas. Such outside advisers include Attorneys, Insurance Specialists, Securities Brokerage Firms, Qualified Plan Benefit Consultants, and Real Estate Specialists. Other sources of financial information are financial newspapers and magazines, research materials prepared by others, online investment services, corporate rating services, continuing education courses and seminars.

We periodically recommend brokers or money managers to our clients to manage specific aspects of their portfolio. Our selection is based on the particular asset class, expertise of the broker or manager, performance and fee structure. Brokers or dealers may be recommended at a client's request. Many factors are analyzed including costs, service and support, historical performance, prior to the recommendation to determine which broker is best suited to the client's needs. We regularly monitor the performance of the outside brokers. Based on L.K. Benson's current relationship with Charles Schwab & Company, L.K. Benson is able to provide its clients the benefits of:

- Low commission cost for select trades placed through the client's Schwab account.
- Access to a broad universe of mutual funds for client's accounts held at Charles Schwab
- The benefit of streamline interface with LK Benson's investment management software, which may reduce the cost associated with investment management for accounts held at Charles Schwab.

## CODE OF ETHICS

L.K. Benson & Company has adopted a Code of Ethics for all supervised persons 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, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at L.K. Benson & Company must acknowledge the terms of the Code of Ethics annually, or as amended.

L.K. Benson & Company anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which L.K. Benson & Company has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which L.K. Benson & Company, its affiliates and/or clients, directly or indirectly, have a position of interest. L.K. Benson & Company's employees and persons associated with L.K. Benson & Company are required to follow L.K. Benson & Company's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, and employees of L.K. Benson & Company may trade for their own accounts in securities which are recommended to and/or purchased for L.K. Benson & Company's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of L.K. Benson & Company will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code requires pre-clearance of

many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between L.K. Benson & Company and its clients.

It is the principle duty of all L.K. Benson & Company employees to adhere to a strict Code of Ethics. LKB employees recognize the fiduciary duty to our clients and understand the obligation of firm personnel to uphold that fundamental duty. A summary of the general principles detailed in the Code of Ethics for L.K. Benson & Company are as follows:

- The duty to place the interest of client first.
- Personal security transactions are conducted and reviewed to be consistent with LKB's Code of Ethics and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility.
- LKB personnel understand that information concerning the identity of security holdings and financial circumstances of clients is confidential.
- LKB acknowledges that independence in the investment decision-making process is paramount

All employees of L.K. Benson & Company are required to sign a non-disclosure agreement, which prohibits him or her from using confidential information for their own benefit.

L.K. Benson & Company's Code of Ethics policy is available to clients upon request.

## **BROKERAGE PRACTICES**

LKB regularly recommends third party advisors to manage portions of our client's portfolios. We select these advisors based upon many factors including: their expertise in certain asset classes, knowledge of the investment issues and environment, reasonable fee structures for their services, the ability to communicate with our clients, and historical performance compared to the relevant benchmarks. We are in regular contact with these managers and talk specifically about the client portfolios as we prepare our periodic reporting to clients. We also schedule an annual meeting or conference call to formally review the manager. In this discussion we address the following points:

- Review current client portfolios
- Discuss performance relative to benchmarks
- Discuss staffing and personnel of manager
- Review fee structure
- Gather any additional information that is relevant to our clients portfolios



LKB has a fiduciary duty to its clients regarding best execution and attempts to add value to clients portfolio by reducing implementation and trading cost by seeking the best terms reasonably available under current circumstances. LKB has procedures in place for periodically reviewing the relationship with its brokers and to consider alternatives. LKB uses several custodial/broker dealers, Charles Schwab & Co., Inc. being the primary custodian. LKB obtains information from Charles Schwab regarding their order routing procedures. This information is compared to other broker-dealers on a periodic basis. LKB has established a best execution review to oversee key aspects of LKB trading practices. Factors considered in assessing broker-dealers may include: Trade costs, trade size, liquidity, response during volatile times, prompt execution, accounting of trade errors and correcting them in a satisfactory manner, acting with integrity, and overall service and communication. Based on LKB current relationship with Charles Schwab LKB is able to provide its clients the benefits of, low commission costs, a broad universe of mutual funds and a streamline interface with LKB's investment management software which reduces the investment management cost to the client.

## **REVIEW OF ACCOUNTS**

L.K. Benson & Company review all accounts internally on a quarterly, semi-annual or annual basis, depending on the client's engagement letter. More frequent reviews may occur due to the client's individual circumstances, economic conditions, or general factors affecting the financial markets. The Advisor attempts to schedule meetings with clients at least on an annual basis or more frequently if desired by the client or if circumstances warrant.

L.K. Benson & Company provides to each client a quarterly, semi-annual or annual report, in addition to reports received from the custodian, showing among other things, securities held, transactions in the account in the past quarter, security cost, security market value and performance returns as well as advisory fees paid to L.K. Benson & Company. Such reports are accompanied by a performance analysis and quarterly client letter/commentary.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

L.K. Benson & Company does not provide or receive any economic benefit or compensation for referrals of clients.

## **CUSTODY**

Investment Advisers Act of 1940, Rule 206 (4) – 2 , addresses custody of funds or securities of clients by investment advisers. Consistent with the rule, L.K. Benson & Company requires that clients' funds or securities must be retained with a "qualified custodian" who provides at least quarterly statements, either printed or electronically, to clients. In addition, L.K. Benson & Company assumes responsibility for ensuring that it has a reasonable belief that such statements have been delivered.

In addition to statements provided by the custodian, L.K. Benson & Company provides quarterly, semi-annual and annual statements and commentary to clients. Clients also receive a legend on their statements from L.K. Benson & Company that encourage them to compare the

information provided with the information provided in statements received from the qualified custodian. In the event of discrepancies or questions, the client is urged to contact the Adviser.

## **INVESTMENT DISCRETION**

L.K. Benson and Company may receive 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 via a Charles Schwab account. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account and with the client's consent for each such transaction.

## **VOTING CLIENT SECURITIES**

L.K. Benson & Company does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. L.K. Benson may provide advice to clients regarding the clients' voting of proxies.

## **FINANCIAL INFORMATION**

Registered investment advisers are required to provide you with certain financial information or disclosures about L.K. Benson's financial condition. L.K. Benson 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.

## **INVESTMENT ADVISOR**

Principal executive officer and investment professionals are L.K. Benson & Company are required to hold a college degree and a minimum of two years experience in the area. Please find the details of the current executive officers as of 12/31/2010.

### **LYLE K. BENSON, JR. – PRESIDENT**

- DOB: 08/01/1958
- Thirty years accounting, tax and investment industry experience
- BA in accounting-Loyola College, Baltimore, Maryland
- MS in Taxation – University of Baltimore, Baltimore, Maryland

Designations: Certified Public Accountant (CPA) (1982)

Certified Financial Planner (CFP) (1987)

Personal Financial Specialist (PFS-Accredited by AICPA) (1988)

L.K. BENSON & COMPANY: 1994 – date

COYNE & MCCLEAN: 1985 – 1994

MCCLEAN, KOHLER, SPARKS & HAMMOND: 1981 – 1985

## CHRISTOPHER DAVID BENSON

- DOB: 02/15/1982
- BA in accounting-Bucknell University 2000-2004
- MS in Taxation – University of Baltimore, Baltimore, Maryland, 2004-2007

Designations: Certified Public Accountant (CPA) (2007)

Personal Financial Specialist (PFS-Accredited by AICPA) (2010)

L.K. BENSON & COMPANY: May 2009 – date

GRANT THORNTON, LLP: July 2004 – April 2009

### **REQUIRED MINIMUM QUALIFICATION FOR THE DESIGNATIONS OF CERTIFIED PUBLIC ACCOUNTANT (CPA), PERSONAL FINANCIAL SPECIALIST (PFS) AND CERTIFIED FINANCIAL PLANNER (CFP)®**

**Certified Public Accountant (CPA)** CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's Code of Professional Conduct within their state accountancy laws or have created their own.

**Personal Financial Specialist (PFS)** The PFS credential demonstrates that an individual has met the minimum education, experience and testing required of a CPA in addition to a minimum level of expertise in personal financial planning. To attain the PFS credential, a candidate must hold an unrevoked CPA license, fulfill 3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam and be an active member of the AICPA. A PFS credential holder is required to adhere to AICPA's Code of Professional Conduct, and is encouraged to follow AICPA's Statement on Responsibilities in Financial Planning Practice. To maintain their PFS credential, the recipient must complete 60 hours of financial planning CPE credits every three years. The PFS credential is administered through the [AICPA](#).

## **Certified Financial Planner (CFP)®**

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.