

## **INVESTMENT AND ASSET PLANNING, LLC**

[www.investmentplanner.net](http://www.investmentplanner.net)

2110 Kemp Blvd.  
Wichita Falls, TX 76309  
(940) 761-2527 (800) 687-1303

Brochure dated 01/30/2012

B. This brochure provides information about the qualifications and business practices of Investment and Asset Planning, LLC. If you have any questions about the contents of this brochure, please contact us at (940) 761-2527 and/or [jordan@investmentplanner.net](mailto:jordan@investmentplanner.net). 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 Investment and Asset Planning, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and on our website [www.investmentplanner.net](http://www.investmentplanner.net)

Registration as a "registered investment adviser" does not imply a certain level of skill or training.

## **Item 2                      Material Changes**

We have had no material changes from the last annual update of our brochure.

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## **Item 4                      Advisory Business**

**A. Investment and Asset Planning, LLC (I&AP),** is registered with the Securities and Exchange Commission as a Registered Investment Advisor. During 2012 we will transition to be registered by the states of Texas and Louisiana. We are a financial planning and investment management firm. The members of our firm (owners) include Jordan C. Gary, CFP®, President and Chief Compliance Officer and William J. Niles, CPA, with Russell Simms Johnson, Attorney, serving as counsel to the firm. The investment advisors of our firm are Jordan Gary CFP®, Oscar Jackson III, and Sarah Eads. William Niles, CPA does not provide investment advice but tax and business planning advice. Russell Johnson, Attorney, is not a member of the firm or an investment advisor but is hired by individual clients to help provide the financial planning that our firm provides to wealthy business owners, physicians, and other professionals and wealthy families. Jordan Gary CFP®, William Niles CPA and Russell Johnson, attorney counsel, also maintain their own separate private practices and businesses. Our firm was created in 2002 by changing the name of Jordan Gary and Associates, Financial Advisors, a registered investment advisor, to Investment and Asset Planning, LLC and then taking in William Niles, CPA as a member. This firm and its' predecessor firms have been providing financial planning and investment management since 1988. Jordan first provided this as a registered representative and then as a registered investment advisor since 1996. We manage more than \$47 million in assets for our clients.

The focus of our financial planning services is to help financially affluent individuals and families plan for the future, protect their assets from many dangers, invest and manage their assets using modern and proven techniques of professional money management, and to provide tax and estate planning of a sophisticated nature. Legal advice is provided by Russell Johnson, tax advice is provided by William Niles and investment advice is provided by Jordan Gary and Oscar Jackson, and assisted by Sarah Eads. We often work as a team to prepare plans, review clients' plans, and to implement these plans.

The focus of our daily investment management is to help people grow their assets with reasonable risk. We also spend a great deal of thought and effort to reduce the chance of clients losing their wealth. There are many mistakes which investors make in investing which can lead to large losses of their wealth. We aim to know these risks and help clients avoid them. All investing involves many risks but they should be taken prudently. Unfortunately, news media often so emotionally frames the news, that they are pushing people to follow the herds, who so often chase bubbles and panics and buy poor investments with greed inspired presentations. We see our job as helping clients avoid such emotional and short sighted investing mistakes. We see our job as helping clients attain their financial and life goals through careful and smart financial planning and investing.

We believe in consumer protection in many ways. We help clients avoid the self serving advice of financial salespersons. There are so many toxic and unreasonable investments sold. We strive to avoid them. There is no guarantee that we will avoid all of them in the future because the investment banks often have hidden the true risk and nature of the investments which they create and sell. However a care full examination of our clients' investment record, which we publish for the last 12 years, will show that we have not recommended investments from failed managers, crooked firms, or investments which became known as toxic.

We gladly accept the fiduciary responsibility of putting the client first in all advice and management. We gladly spend a great deal of time with clients learning about their needs and concerns and then educating them about the issues so that they can make the best decisions about a large number of things. We know all of our clients personally and our clients are all encouraged to visit and work with all the members of our firm. This is a team practice. We believe and strive to give you fair, well-informed and beneficial advice and guidance.

### **PERSONAL INFORMATION**

**Jordan C. Gary**, born in 1949, holds a Master of Theology Degree, 1975, from Southern Methodist University, Dallas, Texas, and a Bachelor of Science Degree, 1971, in Aerospace Engineering from Texas

A & M University, College Station, Texas. In 1991 he finished a series of college level courses in financial planning (from the College for Financial Planning) to qualify for the education requirements of the CFP designation. In 1988, Jordan began Jordan Gary & Associates, Financial Advisors, working as a senior financial planner with IDS Financial Services which is now Ameriprise. He has been a registered securities principal, since April 1996. Jordan held his securities licenses with BFT Financial Group, LLC, from 2002 until 2011 and with Securities America, Inc. from 1996 to 2002. Prior to 1996, Jordan was a Senior Financial Advisor of the Advanced Planning Group at American Express Financial Advisors.

Jordan is a CERTIFIED FINANCIAL PLANNER™ professional. CERTIFIED FINANCIAL PLANNER™ certificates are individuals who have met CFP Board's education, examination and experience requirements, and have agreed to adhere to high standards of ethical conduct. Jordan is also a Qualified Advisor with Kingdom Advisors, a Christian financial advisors network. This also required a large amount of continuing education and commitments to very high ethical conduct.

Jordan has also completed the following examinations: FINRA Securities Licenses S-7 (GS) Full Registration/General Securities Representative (1988), and S-24 (GP) General Securities Principal (1996); FINRA Securities Licenses S-63 Uniform Securities Agent state law examination (1988) and S-65 Uniform Investment Advisor law examination (1994); State of Texas Insurance licenses for life, health, disability and variable (1988). He has also completed the necessary education and examinations to be designated as a Licensed Insurance Counselor in Texas. This allows him to examine, advise and recommend suitable insurance products for his clients. Jordan is a licensed and ordained minister with the Christian Church, Disciples of Christ and until November, 2004 was the minister at the small, Archer City, First Christian Church near Wichita Falls. He is active on the Endowment Committee of the Northwest Texas Council of the Boy Scouts of America.

He is married and has 4 grown children.

**Oscar Jackson III (Buddy)**, born in 1944, is a Financial Planner with Investment & Asset Planning, LLC. He has completed some Master's work in Computer Science at Texas A&M University and received his teacher certification in 1975. He received the Bachelor of Arts Degree in Math and Physics in 1967 from Texas A&M University. Oscar began as a financial advisor with Dean Witter in 1995.

Previously, Oscar was self-employed in his family owned oilfield service company for 20 years. Oscar taught high school math from 1971 to 1973. Prior to teaching, Oscar served 4 years as a Seabee in the U. S. Navy with 1 year in Vietnam as an engineering surveyor and draftsman.

Oscar joined Investment and Asset Planning, LLC in December, 2002. Oscar has completed the following examinations: FINRA Securities License S-7 (GS), Full Registration/General Securities Representative, FINRA Securities License S-63 Uniform Securities Agent state law examination, S-65 Uniform Investment Advisor law examination, and State of Texas Insurance License for life, health, disability and variable (1995), State of Texas securities and insurance licenses. Oscar has currently let his S-7 and S-63 licenses lapse as he does not need them with Investment & Asset Planning, LLC. He is currently studying for the Certified Financial Planner™ exam.

He is active in many community projects: Teen Court, CASA (Court Appointed Special Advocate), Patsy's House, and the Gateway to Texas Pro Golf Tournament, which benefits Child Advocates and First Step.

He is married and has 2 grown children.

**William J. Niles:** Certified Public Accountant, State of Texas, 1982; Master of Business Administration, 1977, Southern Methodist University, Dallas, Texas; Bachelor of Science in Electrical Engineering, 1969, University of Texas, Austin, Texas; Bachelor of Arts (Mathematics), 1969, Southwestern University, Georgetown, Texas. Although Investment and Asset Planning, LLC is not a CPA firm, Mr. Niles provides accounting services to clients of Investment and Asset Planning through his accounting firm of William Niles, Certified Public Accountant, of which he is the managing partner. Mr. Niles has been in the client practice of public accountancy in the North Texas area through the firm of Niles and Company since 1984. He changed his firm's name to Niles CPA in January, 2004. Prior to practicing accounting, Mr.

Niles was an Electrical Engineer in the employ of Texas Instruments, Inc. in Dallas, Texas. Bill is married and has two grown children.

Mr. Niles did research on the problems associated with entrepreneurial endeavors as part of his masters' work at SMU. He did postgraduate studies in the area of automation of accounting systems at the University of Texas at Dallas. He is a member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants. He had an article published in the American Institute of CPA's "Journal of Accountancy" and served on the AICPA's Subcommittee on Computer Applications. He served on the Texas Society of CPAs Strategic Planning Committee and on their Management Information Systems Committee.

Mr. Niles has completed the FINRA Securities License, S-65 Uniform Investment Advisor law examination and is now registered as an investment advisor.

**Russell Simms Johnson:** is a graduate of Princeton University (B.A., 1969) and the University of Texas School of Law (J.D., 1972). Mr. Johnson has practiced law in Dallas since 1972, representing numerous individuals and significant corporations in the areas of income and estate tax planning, business structuring, deferred compensation planning (including pension plans, profit sharing plans and employee stock ownership plans), real estate acquisition and development. Since 1988 Mr. Johnson has limited his law practice to estate planning and asset protection. He is a member of the Texas Bar Association, Estate Planning and Probate Section and a member of the Dallas Estate Planning Council.

Mr. Johnson is a founder and former director of First Benefit Trust Company of Texas. From 1984 to 1989, he was a member of the Advisory Board of Directors of First Interstate Bank of Dallas (formerly Allied Bank of Dallas).

Mr. Johnson and his wife, Lisa, are active in community affairs. He has served as President of the Tom Hughes Foundation; a member of the Executive Committee of the Board of Directors of the Dallas Summer Musicals; President of Swiss Avenue Counseling Center; Chairman of the Board of My Guardian Angel; and Program Chairman for Troop 82, Boy Scouts of America. Mr. Johnson is an Elder of Park Cities Presbyterian Church (PCA) and a member of the Board of Trustees of Westminster Theological Seminary. They have two grown sons, Russ and Ryan.

**Sarah Eads:** joined our firm in June 2007 as an Assistant Financial Planner. She graduated from Texas Tech University with a Bachelor of Science degree in Personal Financial Planning, in the fall of 2006. She joined Investment and Asset Planning, LLC in June, 2007. Sarah and her husband, Robert, have four children.

Sarah has completed the FINRA Securities License S-65 Uniform Investment Advisor law examination and is now registered as an investment advisor with I&AP. She is currently studying for her Certified Financial Planner<sup>™</sup> (CFP<sup>®</sup>) certification examination.

**Other Employees:** Our Office Manager and Compliance Administrator is Gena Lohoefer. She has been with our firm since January, 1998. We are expecting to hire other professional and clerical employees.

**B.** We are financial planners and investment advisers. We will be happy to give you advice on your financial concerns, including, but not limited to: investments, estate planning, business planning, asset protection planning, retirement planning, risk planning, budgeting and bill paying, divorce settlements, credit counseling, insurance planning, inheritances, college funding and general tax planning. We are also happy to discuss Christian financial concepts and beliefs and help clients decide how to apply their faith and charitable convictions.

We manage clients' investments on a fee basis and do not charge any commissions. Most of our clients give us discretion to build portfolios and choose investments. When given that, we always choose managed investments such as mutual funds or variable accounts in annuities or life insurance. We do not claim expertise in choosing individual stocks or bonds.

C. As investment advisers and investment managers we believe in building portfolios using modern portfolio and modern tactical methods. We work carefully to help clients choose which level of risk they want us to use and how the portfolios will be managed. Clients can choose to direct us in specific details as to how they want their investments managed and can impose restriction of securities. They can also request individual stocks and bonds which they choose. We often use tax planning and business concerns as well as estate planning concerns when working with clients to determine how their portfolios will be managed. Please note that financial planning is far more than just investment management. We want to help our clients with the many areas of financial planning and financial life planning and coaching. Please see us for details of these concepts and what we can do to help you.

A major part of our investment planning is coupled with retirement planning. We very often help clients plan their investment and savings so that they can have the lifetime income which they need. We build portfolios with the income needs of the client carefully planned for. One core method of this is by building different portfolios with different time and risk assumptions. Thus you should have a portfolio with little risk for income needs for the first few years. Then build another portfolio with more equities which will not be needed for 5 to 10 years. Then build another portfolio which will fund retirement in 10 plus years. This method coupled with the other considerations that we use increases the likelihood of never outliving your resources.

Another way of describing this process of retirement planning is: 1) Creating an adequate portfolio with spending and reserves (cushion) and bear market protection built in. 2) Planning for portfolio paychecks to replace lost salaries. 3) Broad diversification and tactically placed investments which build a multi-asset class, globally diversified portfolio. 4) Managing risk using many methods and using opportunity investing to increase long term returns.

D. We provide several portfolio management services which often look almost the same but have different fee details. In all cases we do not charge clients any commissions. For instance, we provide management of an advisor program at TD Ameritrade where clients pay us a management fee and also pay some TD Ameritrade trading fees. In the I&AP Portfolio Wrap program we absorb all trading costs and only charge management fees. (Please see the separate brochure for details of this program.) In the Jefferson National Annuity program we invest clients into mutual fund like annuity sub-accounts. Jefferson National only charges a \$20 per month administration fee and we charge only a management fee which is a % of the assets. For more discussion about the difference in these programs see the next Item 5. When we manage annuities or pension plan assets, we charge only management or advice fees and the pension or annuity companies provide the platform which will also have fees there. When clients choose a program at another separately managed program, we are paid some of the included fees which the other firm charges. In all of these programs clients usually have mutual funds and similar sub-accounts where the clients also pay fund or account fees to other firms. Item 5 of this brochure talks more about this.

E. Our firm has assets under management on a discretionary basis of \$45,310,000 with an additional \$2,216,000 on a nondiscretionary basis. These totals are calculated as of December 31, 2010.

## **Item 5 Fees and Compensation**

A. We manage client accounts for a percentage of the assets under management. The fee ranges from .6% to 1.4%, depending on the size and complexity of a client's account. The fee is negotiable and is paid monthly, on the first of each month. (See the following paragraphs about TD Ameritrade Institutional and the separate wrap program brochure for more description.) We also manage pension assets for a negotiated fee based upon hourly work or the amount of assets we are giving advice on.



B. Management fees will be calculated at the beginning of each period (monthly or quarterly). Management fees will be based on the month ending balance of the client's account assets under management for the previous period. (The market value of the no commission fee variable annuity accounts [such as the Jefferson National Monument Advisor annuity], will be included in the calculation of management fees). Management fees will be automatically deducted. A client account that is opened mid-period will be charged an initial management fee that includes a portion of the fee that is pro-rated for the number of days that the Account is open in the first period. Fees will be reported to clients on their monthly statements and their quarterly performance reports.

C. The annual management fees charged for this service will be negotiated with each client with 1.4 % being the maximum management fee that may be charged to clients. Investment and Asset Planning, LLC will quote an exact percentage to each client based on both the nature and total dollar asset value of their accounts. The standard annual fee schedule is 1.3% of the first \$250,000 in assets under management, then 1.0% of the next \$500,000 and .8% of assets above \$750,000. In addition, we charge \$150 per year per account for reporting and custodian services. This fee will be paid for by the clients and will be deducted on a quarterly basis from each account. Clients may also pay \$25 or less per trade on some trades at TD Ameritrade Institutional. Such clients paying these trading fees are considered to be in TD Ameritrade's wrap fee program and not our wrap fee program where we absorb all trading costs.

A TD Ameritrade account may be cancelled at any time, by any of the parties, for any reason, upon receipt of written notice. Upon termination of an account, any prepaid, unearned fees will be promptly refunded. TD Ameritrade charges fees which are often as much as \$100 to close and transfer assets to another custodian. We may also charge up to \$25 per asset sold to close an account. Brokerage commissions are always waived in accounts. However, transaction ticket charges for individual stocks and bonds (the actual cost of each trade, typically \$10-25) may be passed on to a Client when the client has signed an agreement allowing this as part of the fee agreement with us. All fees and charges will be noted on the client's statements and confirmations. Clients may incur certain charges imposed by third parties other than Investment and Asset Planning, LLC or TD Ameritrade in connection with investments made through the TD Ameritrade programs including, but not limited to, mutual fund administration fees, 12(b)-1 fees and surrender charges; variable annuity fees, commissions, and surrender charges; and qualified retirement plan fees. In addition TD Ameritrade will charge a \$49.99 surrender fee on many mutual fund assets which are not held for 90 days. Please talk to one of our investment advisors if you would like a fuller explanation.

Clients may want to understand why some are in the I&AP Portfolio Wrap program and why some clients are in the TD Ameritrade Fee program. Both programs net us about the same profit. If a client chooses the I&AP Portfolio Wrap program, we will charge a slightly higher management fee and then pay all trading costs. If a client wants to pay a lower management fee then the TD Ameritrade Fee program may be preferred. The majority of trades there will not have trading costs as they will be on the no-ticket charge program. Funds get on the no ticket charge program by paying TD Ameritrade a 12b(1) fee, which may cause such funds to have higher fund expenses than funds which trade with a ticket charge. We try to have about the same net profit to us on both fee arrangements so we can help clients choose which fee structure is better for them without having a conflict of interest between recommending either. By default most clients are on the I&AP Portfolio Wrap program and know ahead of time the management fees and they have no other trading costs.

D. The hourly fee for specific financial planning issues is up to \$125 and is due after the consultations. Fixed fees refer to written financial plans, which range from \$350 to \$15,000, depending on the complexity of a client's financial situation. Clients may pay the fee up-front or one half up-front and the balance upon plan delivery. You are the sole determinant of how extensive the financial counseling you will need. You may continue for as long as you think is necessary, or stop at anytime. If a client decides to cancel a fixed fee plan then we will return to the client a part of any fees that they have paid. We will keep a portion, which seems reasonable, for the work that we have already done.



E. In a strong attempt to avoid conflicts of interest, we do not accept incentives such as trips or bonuses for placing trades or investments with companies. However prospective clients should know that there are several conflicts of interest that arise in this area.

Many mutual funds pay 12b(1) asset fees to custodians and wrap fee providers. These fees provide access for funds to no trading fee platforms and even to simple availability on brokerage platforms such as TD Ameritrade and all other platforms such as at Schwab, Fidelity, and Vanguard. Funds also must pay other fees such as listing fees to such platform providers. These funds and other investment providers and industry providers also subsidize conferences and continuing education meetings which we attend. These marketing methods and availability may cause us to choose to use certain funds because we learn of them and learn about their features and track records.

Also in the I&AP Portfolio Wrap program which we provide to many clients (for more details read the appendix 1) many funds are on a No Ticket Charge platform where we do not pay any trading cost to buy or sell the mutual fund. When we buy other funds or investments not on this platform, we pay a trading charge. This is a real conflict of interest for us. We attempt to choose the very best mutual funds without any regard to any fee structures. If a client has enough assets to qualify for an institutional share class of funds which we are using, with lower fees, we use it even though it costs us more to buy and sell it for the client. We are always happy to discuss with clients the fee structures of the funds in their portfolios.

We believe in active management of funds in most cases, and believe in choosing the best fund managers and they often must be paid competitive fees to hire them and use them.

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

We do not have any performance-based fees.

## **Item 7                      Types of Clients**

Most of our clients are individuals, but we also work with profit sharing and pension plans, businesses, trusts and estates, and charitable organizations. We give advice on (but do not necessarily recommend) all types of equity securities, warrants, corporate debt securities, certificates of deposit, municipal securities, investment company securities, US government securities, option contracts on securities and interests in partnerships investing in real estate. We do fundamental and technical security analysis. Our main sources of financial information are industry sources, financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, company press releases, prospectuses, and filings with the Securities and Exchange Commission.

We do not have a minimum size for client accounts, but normally we do not accept clients with accounts totaling less than \$100,000. When we manage client accounts on a discretionary basis, we limit the discretionary authority by prohibiting ourselves from withdrawing funds and/or securities from client accounts. All discretionary trades generate no commissions. Discretionary trades are limited to exchanges of mutual fund and variable life and annuity sub-accounts when accounts are outside of the TD Ameritrade program. Inside the TD Ameritrade accounts, clients usually allow us discretion over individual stocks and closed end mutual funds as well as no-load mutual funds and load funds at net asset values.

Jordan Gary also provides asset management advice for some clients who have investments which they made before becoming our clients. They include variable annuities, variable life insurance, and pension funds which a client holds outside of our normal programs. In such cases we receive duplicate statements. Each quarter we review the accounts, prepare a report, and suggest investment exchanges which reflect the client's investment goals. The usual fee is \$150/quarter for this review and advice and is billed to the client after the quarterly review. The fee will be higher and negotiable, if what

we are reviewing is unusually complicated. Clients may cancel at any time before the next quarter's review is started.

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

A. Investment Strategy: We believe that portfolios should use several different investment styles and asset categories to help have global multi-asset diversification. This is meant to reduce risk and volatility of portfolios and to increase the possibility of good returns. We believe in a tactical asset allocation strategy. This is when active management is employed to adjust portfolios as the markets and economy changes. We see this as when a baseball manager shifts players on the baseball field to increase his odds of success. In beginning baseball, players and managers don't know how to shift and change, they just spread our players (diversify) across the field. More expert managers are able to carefully choose players and continually have them shifting during the game. An advanced expert manager changes players and tactics as the game progresses. So we change our diversification and how we weight different styles and categories in portfolios as the markets and economy changes. We pay much attention to investment statistics and patterns and keep clients invested, diversified, and tactically allocated at all times. We believe that this is the reason we have often been able to increase returns and reduce risks over average balanced mutual fund indexes. (Our clients' average returns are available for at least twelve years for review. Past results are not guarantees of future results.)

In addition to changing market conditions, we consider selling investments when investment managers change; mutual funds seem to be too large for their category; markets change and we believe that tactics should change; or we find a manager elsewhere in which we have more confidence. We also sell investments or hold investments for tax reasons.

Portfolio Selection: We work with clients to discuss their investment concerns and goals and to develop an investment philosophy which is particular for each client. As a part of this we have them fill out an investor profile questionnaire. The questionnaire is a part of a discussion and education process. We then place the client into an investment risk category of Very Conservative, Conservative, Moderately Conservative, Moderate, Moderately Aggressive, or Aggressive. We develop model portfolios for each category and continually monitor these portfolios. We continually review and consider making tactical changes to these portfolios as markets change. Most clients' portfolios are then adjusted as we change the model portfolio which they are categorized in. We can provide investment results for these categories which are averages of returns for actual clients over the last 12 years. However, we have some clients with individual portfolios that are unique and reviewed and managed individually.

B. Investment Selection: People often ask us how we pick mutual funds for their managed portfolios. So we would like to share our process.

We believe that some managers show superior abilities to pick investments and manage their portfolios to better than average returns during most years. So we look for proven investment managers who have outstanding track records. Since we can choose from thousands of funds and managers we do not know any reason to use less than people who have been proven to be exceptional managers. We also have noticed that some funds and managers get too much money to manage adeptly. Their funds become too large to quickly make needed changes. They often have so many billions of dollars in their funds that they must use hundreds of stocks in their fund. So we look at fund size and prefer great managers who have new small funds. Also, we are concerned that a fund manager has adequate support staff and resources to research and manage the type of investment portfolio. For instance, in our opinion, it takes a larger team to manage foreign stocks than only US stocks.

Another factor that we look at is how many companies are in a portfolio. The funds which have only 20 to 40 companies seem to have a better chance of better than average returns than large funds which have 150 or more companies. Since our clients usually have ten to twenty funds in their portfolio, each of a different type, funds with only 20-40 companies still give our clients adequate but not too much

diversification. So we prefer managers who put 20-40 of their best stock picks into their fund. We want to disclose that funds with 20-40 company stocks usually have more potential but also more risk than a mutual fund with many more companies. However, there are many factors to consider when evaluating the risk of a mutual fund. Bond funds will have very many different issuers and international funds usually have many stocks and or bonds.

We also look at portfolios to see if we can really understand and believe in what the manager is doing. Some managers have had great returns but take too much risk for our stomachs, or they seem lucky by betting on narrow types of stocks which can quickly go out of favor. We avoid these types of funds as their risk is very high and we do not expect them to do well most years.

We also look at how much managers tend to trade. When clients have high income taxes; we want low turnover with tax advantaged dividends for client's taxable accounts. We match up funds with the type of accounts that our clients have. For instance: we will put tax exempt bond funds and low turnover stock funds in taxable accounts and high dividend corporate bond funds and high trading small cap growth stock funds in IRAs.

We also look at expense ratios of funds and prefer low expense funds. However some of the best managers charge more and we believe in hiring the very best managers. We have often used very low expense S&P 500 and Dow 30 funds in clients' portfolios with total expense ratios of less than .20% per year. Also we use some bond funds which also have such low expenses. We use these for portfolio positions in which we are more concerned with timing the markets or generating maximum dividends than choosing the best managers.

C. Since we believe that portfolios should use several different investment styles and asset categories to help have diversification, we use a variety of investment products, including open end mutual funds, closed end mutual funds, exchange traded funds, annuities with fund like accounts, money market accounts, and then only individual stocks and bonds when clients choose them or transfer them into our management. We rarely recommend real estate partnerships, hedge funds, or other illiquid investments, but will be open to them for a select few clients who understand the risk and desire such diversification.

## **Item 9                      Disciplinary Information**

A. We and all of our employees and associated persons have had no criminal or civil actions related to honesty or investments.

B. In our many years in the investment business, Jordan and the other advisors have had only one formal client complaint. This seems to be a very good record. In that one complaint the client alleged that we did not purchase a stock as they had requested by telephone. We agreed that we had made a mistake and settled with the client to their complete satisfaction. The complaining client is still with our firm and uses us for all their investment management.

Oscar was cited by the Texas State Securities Board in 2006 for a violation of investment related regulations, after realizing he had not been dually licensed by the SEC and the State of Texas. He was reprimanded and paid a fine. He was granted registration as an investment adviser representative in Texas as well as the SEC and is now in compliance.

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

A. In the fall of 2011, Jordan Gary ended his association and licenses with the broker-dealer, BFT Financial Group, LLC, and is no longer licensed to do business as a representative of any broker dealer.

B. We are not involved in futures or commodity trading.

C. The investment advisers of the firm are Jordan Gary, Oscar Jackson III, William Niles, CPA and Sarah Eads. William Niles does not give investment advice but is licensed so that he can refer clients to our firm and be paid for his referrals. Russell Johnson, Attorney, is hired to help provide the financial planning that the firm provides to wealthy business owners, physicians, and other professionals and wealthy families. The CPA (William Niles) and the attorney counsel (Russell Johnson) also maintain their own separate private practices and businesses.

D. We may establish agreements with third party money managers offering a wide range of advisory services including asset allocation, market timing and portfolio management. We will solicit the services of the recommended third party money managers. A client may select a recommended money manager based on their needs. Our representatives will be available to meet with the client on a continuous basis to review the investments. Clients should be aware that the solicitor or sub-advisor fees paid to us differ among recommended money manager programs. There are conflicts of interest which may affect the independent judgment of us in the recommendation of one money manager program over another. We will be compensated by a solicitor's fee or sub-advisor fee paid to us by the recommended money manager.

One of the programs which we use is described below, but this is not an exclusive list of third party money managers used.

ICON Advisers, Inc. (custodial services are provided by Trust Company of America) of Greenwood Village, CO began operation as a Registered Investment Advisor with the SEC in 1991. For several years prior, ICON co-founder Dr. Craig Callahan managed private accounts and conducted investment research and analysis. Today the firm's sole business is the management of growth-oriented sector portfolios.

As a private-account investment manager, ICON works to enhance each investor's portfolio in two ways: 1) They actively seek assets undervalued by the marketplace. Stocks are priced daily by the market. These pricings -- which fluctuate over time -- are based upon several factors, some objective but others quite emotional. And as many investors are aware, price and value are not the same. At ICON, they employ a rational model to identify market opportunities and avoid overpriced assets. 2) They actively manage holdings to capture emerging opportunities and minimize volatility. ICON's stance is one of active asset and industry rotation. As times and markets change, they can restructure holdings to meet clients' objectives. They believe in tactical industry rotation which is based upon proprietary valuation methods and relative strength measures.

They implement clients' investment programs by placing clients' accounts into their own sector funds which each use industry rotation. Clients will pay ICON mutual fund expenses, to ICON Advisers, Inc., plus an account management fee which is negotiated, based upon account size. The fee is less than 1.5%/year. This fee is shared with I&AP. For accounts of over \$1,000,000 in size, clients can choose to have only individual stocks, and not proprietary sector mutual funds, used in their accounts. This may reduce the total fees paid and increase the tax efficiency of the account.

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

A. We have written several procedure and compliance manuals and kept our client disclosure documents up to date. (In the future, if you would like to receive our latest version of this brochure that is updated at least annually, then please give our office a call.) In it you would find the latest information about each of our firm professionals, firm investment philosophy, investment programs, and a full description of firm fees and conflicts of interest.

We believe in following the highest ethical standards. As a firm we follow the rules and regulations of the Certified Financial Planner Board of Standards Inc. They have written standards which we can share to any interested persons. These emphasize that at all times we must put our clients' interests ahead of our own. We believe in always giving the best quality advice that we can and always act as a fiduciary for our clients.

We have also completed a manual that details how we would deal with disruptions or a disaster such as a building fire, tornado, or the sickness and/or death of a key member of the firm. We have strengthened our computer backup system and carefully planned who and how key jobs would get restarted or continued. Clients' investments are not held at our firm but at custodians such as TD Ameritrade Institutional, Trust Company of America (ICON) or an annuity insurance program. They also have extensive backup systems that insure that investments are not lost, records can be recovered, tax forms prepared, etc., no matter what happens. We take our role as being your trusted investment advisor very seriously. We work hard to meet all of the rules and regulations of the Securities Exchange Commission (SEC) and State Securities Boards as a registered investment advisor.

B. We do not recommend any securities in which we have material financial interest. We never act as an investment dealer with those conflicts of interest. We never sell to clients any investments which we own such as real estate investments, oil properties, business interests, etc., nor will we ever allow a client to join us in any such investment venture.

C. Often the advisors and related persons of our firm invest in the same open end or closed end mutual funds which we recommend. Employees are expected to purchase or sell a security for their personal accounts only after trading of that same security has been completed in client accounts. Personal accounts of the employee include all accounts for family members living within the employee's household and accounts over which the employee has authority even though the account owner does not live within the same household as the employee. Any employee contemplating a trade to the contrary must consult with the Chief Compliance Officer (CCO), Jordan Gary, before conducting his or her personal trade. It is the employee's responsibility to know which securities are being traded by the firm. The employee may consult with the CCO to determine whether a security is an appropriate purchase by the employee.

## **Item 12                      Brokerage Practices**

A.

1. Research and Other Soft Dollar Benefits - We do not receive special research information provided by any broker-dealers, bond broker, insurance company, etc. with whom we conduct business. We receive research reports, newsletters, etc. from many mutual fund companies and from TD Ameritrade. But these are standard investment reports and are not provided as a financially meaningful inducement to do business with them. And we do not have any formal or informal agreements to compensate a broker-dealer, bond broker, etc. for the receipt of such research information by sending them business. As a matter of practice, we do not compensate broker-dealers for third-party research services (known as "soft dollar arrangements") with the use of client commissions – any payment required for such research will be made in our cash to providers such as Morningstar or Standard & Poor's. Questions regarding this policy should be directed to the CCO, Jordan Gary

2. Brokerage for Client Referrals –at this time we place all custodian brokerage accounts with TD Ameritrade Institutional for a variety of reasons which are of financial benefit to us. We do not currently receive referrals from them but we chose them for reasons such as cost of doing business, trading software provided, ease of doing business, quality of execution and many more reasons. We do not believe that we have any conflicts of interest in choosing an institutional brokerage company. However some companies do charge more and offer more fringe benefits and if we chose them we might



have to charge clients more for our services. We believe that clients would have the same portfolio and investment returns whether we were using TD Ameritrade, Schwab, Fidelity, Pershing, etc. as the investment custodian, and brokerage provider.

3. Directed Brokerage - A client might ask us to direct trades to a specific broker-dealer in exchange for certain benefits to be received by the client. As a matter of practice, we will not accept such arrangements. However in theory some client might want bonds bought at some bond dealer or some other trade executed at some specific dealer. We could do this but have not ever had any such requests. Since we do not recommend individual stocks or bonds, the only such in clients' accounts are ones that they chose or have transferred into our firms' programs. When buying or selling individual securities at the direction of clients we seek the best pricing available. Bond pricing is more difficult to compare as they often do not have current trading information. In such cases we seek bids from at least three bond brokers through the wholesale services of TD Ameritrade.

The program which we use is an institutional customer program offered by TD AMERITRADE Institutional. TD AMERITRADE Institutional is a division of TD AMERITRADE Inc., member FINRA/SIPC/NFA ("TD AMERITRADE"), an 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. We receive some benefits from TD AMERITRADE through our participation in the program.

There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through its participation in the program that are typically not available to TD AMERITRADE's retail investors. These benefits include the following products and services (provided without cost or at a discount):

- duplicate client statements and confirmations;
- research related products and tools;
- consulting services;
- access to a trading desk serving advisor participants;
- access to block trading (provides the ability to aggregate securities transactions for execution and allocates the appropriate shares to client accounts);
- 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 us by third party vendors;

TD AMERITRADE may also have paid for business consulting and professional services received by I&AP's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for our 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 us but may not benefit our clients' accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by TD AMERITRADE are intended to help us manage and further develop our business enterprise. The benefits received by I&AP or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. Clients should be aware, however, that the receipt of economic benefits by I&AP or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice or recommendation of TD AMERITRADE for custody and brokerage services.

In TD Ameritrade Institutional accounts, we will provide investment management and TD Ameritrade Institutional will provide custody for the investments and provide monthly statements and income tax reporting. We will provide the investment management, defined as giving continuous advice to a client, based on the individual needs of the client. These are investment advisor fee programs



providing investment advisory services and execution of client transactions for which the specified fee (or fees) is not based directly upon transactions in a client's account. Under these investment programs, we will assist the Client in the establishment of an account (the "Account"). Our employees and representatives implement securities transactions for client accounts in their separate capacities as registered investment advisors and firm employees. All brokerage transactions in the Account will be processed by the custodian. Investment and Asset Planning, LLC will not act as a custodian for any Account.

B. We strive to treat all clients in a fair manner. This is the basic principal underlying our aggregation and allocation policy. The aggregation of trades from several accounts and the allocations of a particular security will be determined by us before the trade is placed with the broker. We only do this in a regular matter with closed end mutual funds which trade like individual stocks. When practical, client trades in the same security will be bunched in a single order (a "block") in an effort to obtain best execution at the best security price available. When employing a block trade for something such as an Exchange Traded Fund or a Closed End Mutual Fund:

- a. We will attempt to fill client orders by day-end;
- b. If the block order is not filled by day-end, the account manager will allocate shares executed to underlying accounts on a reasonable basis, adjusted as necessary to keep client transaction costs to a minimum and in accordance with specific account guidelines;
- c. If a block order is filled (full or partial fill) at several prices through multiple trades, an average price will be used for all trades executed;
- d. All participants receiving securities from the block trade will receive the average price; and
- e. Only trades executed within the block on the single day may be combined for purposes of calculating the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, if application of this policy results in unfair or inequitable treatment to some or all of its' clients, we may deviate from this policy.

## **Item 13                      Review of Accounts**

A. Managed accounts are reviewed quarterly. The calendar is the triggering factor. We review the performance of each account, look at the amount of cash and the diversification of the account. Clients' investments are also reviewed often and mutual funds are tracked and looked at on at least a monthly basis, many weekly.

B. Accounts at other money managers are reviewed when the applicant receives their statements- usually quarterly. Reports from annuity and life insurance companies are received on a quarterly rather than monthly basis.

C. Printed Quarterly Performance Reports for TD Ameritrade accounts are prepared by us using Captools portfolio software, usually on a quarterly basis. Special reports of balances and performance are also prepared for client account review meetings. These performance reports are mailed to clients early in the month after a quarter's end and when clients come in for a review. The quarterly reports also include information about allocation of the account and other information intended to help clients review the account.

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

We often work with other professionals such as estate attorneys, CPA's, licensed insurance agents, and other licensed securities representatives in working on a client's case. These are the professionals which a client has chosen.

In some cases another professional may enter into an agreement with us to receive referral fees. In such cases, they will share in financial planning and asset management fees to compensate them for their referral, their ongoing participation in client reviews, and advice on legal or tax matters. No part of the fee is for investment advice. We are solely responsible for the investment analysis and investment advice.

If a client's other professional receives any fees from this arrangement, the client will be made aware of this arrangement, because the outside professional will have the client sign a disclosure statement.

Our advisers do not receive an economic benefit for providing advisory services such as sales awards and other prizes. They do not receive a bonus based on sales, client referrals or new accounts.

## **Item 15                      Custody**

It is our intention to only have custody over client assets to the extent we request the client's custodian to deduct advisory fees directly from client accounts. The following procedures are designed to help ensure we do not inadvertently obtain further custody (other than by the deduction of advisory fees noted above) over client assets:

- A. We will obtain prior written authorization from the client before deducting fees directly from the client's account;
- B. We will not hold client securities in I&AP's name or in bearer form;
- C. We will not require clients to prepay greater than \$500 in fees 6 months or more in advance;
- D. Proceeds from the redemption of client securities may not be directed to us;
- E. We may not have signatory power over a client's checking or custodial account;
- F. An employee may not serve as trustee over a client's account, unless the client is an immediate family member of the employee; and
- G. All wires from client custodial accounts to outside (i.e., non-client) accounts must be accompanied by client authorization.
- H. An exception to this is that William Niles, CPA may serve as a trustee or custodian with his CPA firm. In addition, Russell Johnson, Attorney-Counsel to Firm, may serve as a trustee or custodian with his legal practice.
- I. All clients will receive regular monthly or quarterly account statements from the custodian such as the broker, insurance company, or pension fund custodian.

## **Item 16                      Investment Discretion**

We manage clients' investments on a fee basis and do not charge any commissions. Most of our clients give us discretion to build portfolios and choose investments. When given that, we always choose managed investments such as mutual funds or variable accounts in annuities or life insurance. We do not claim expertise in choosing individual stocks or bonds. We require clients to sign paperwork giving us discretion for trading before we begin such trading. Clients can limit our discretion as they choose and provide us guidance which suits their needs.

## **Item 17                    Voting Client Securities**

A. Our proxy voting policy is designed to ensure proxies are voted in the clients' best economic interest, when the responsibility for voting client proxies rests with us. Their investment advisor with our firm is responsible for voting client proxies. The decision of how to vote follows the same criteria I&AP, LLC uses in managing client accounts – to vote for proposals in such a manner that, in our opinion, will increase shareholder value.

1. In evaluating a particular proxy proposal, we take into consideration, among other items:
  - (a) Our determination of how the proxy proposal will impact our clients;
  - (b) The period of time over which shares of the company are expected to be held in the client's portfolio;
  - (c) The size of the position;
  - (d) The costs involved in the proxy proposal; and
  - (e) Management's assertions regarding the proxy proposal.
  - (f) When voting on mutual fund expense items, we will vote for the proposals which lead to the lowest fees for clients.

2. We will generally support management's recommendations on proxy issues, since management's ability is a key factor we consider in selecting equity securities for client portfolios. We believe a company's management should generally have the latitude to make decisions related to the company's business operations. However, when we believe the company's management is acting in an inconsistent manner with our clients' best interests, we will vote against management's recommendations.

We may encounter a material conflict in voting client proxies. We have a duty to recognize a material conflict and to resolve the conflict before voting the proxy. Conflicts of interest in this matter would be very rare for our firm and we are not aware that we have ever had any.

Clients can request how we have voted in any matter. We keep records of all proxy voting.

## **Item 18                    Financial Information**

Not applicable, we are not required to respond to this item.

## **Item 19                    Requirements for State-Registered Advisers**

A. Our officers are listed and described in Item 4A. Their experience and education and other business interests are also described.

B. Not applicable

C. Not applicable

D. Not applicable

E. Not applicable