

**Item 1 – Cover Page**

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This Brochure provides information about the qualifications and business practices of American Planning Group, Inc. (APG). If you have any questions about the contents of this Brochure, please contact us at (203) 323-6666. 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.

American Planning Group, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information to help you determine whether to hire or retain an Adviser.

Additional information about American Planning Group, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

### **Annual Update**

This Item of the brochure is updated if material changes have occurred during the course of American Planning Group, Inc.'s (APG) fiscal year; or with the American Planning Group, Inc.'s Annual Updating Amendment (ADV).

### **Material Changes since the Last Update**

Since the last ADV filing, no material changes have occurred.

### **Full Brochure Available**

Currently, our Brochure may be requested by contacting Michael Parry, vice president, at (203)323-6666 or [mparry@americanplanninggroup.com](mailto:mparry@americanplanninggroup.com). Our Brochure is also available on our web site [www.americanplanninggroup.com](http://www.americanplanninggroup.com), also free of charge.

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

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#### **Item 4 – Advisory Business**

American Planning Group, Inc. (APG) was formed in 1991 by Robert H. Runde and R. Michael Parry. They are the owners of the firm and each are a principal owner, meaning each holds at least a 25% interest in the firm. Robert H. Runde serves as President and R. Michael Parry serves as Vice President. They have held these positions since 1991.

APG provides financial planning and portfolio management advice.

New clients of APG generally go through a financial planning analysis process to evaluate cash flow, tax planning, asset allocation, insurance needs, education funding, retirement planning and estate planning. This process usually takes 4 to 8 weeks and the fee depends on the complexity of the client's financial situation. More information on fees is detailed in Item 5.

Once the plan is completed, the client relationship then proceeds through implementation of the recommendations in the plan. For example, we often work with attorneys to assist with the preparation of new wills and trust documents, if appropriate. We work with the client's accountant on tax matters; with the client's insurance agent(s) on risk management issues; and with an appropriate attorney regarding estate and trust matters.

As part of the planning process, we review the client's investment portfolio. After the financial plan is presented, we propose an appropriate overall investment strategy. The client always has a choice to invest through our firm or to choose any other financial institution. If the client chooses to work with another financial institution, they may remain a financial planning client. However, in that case we do not recommend specific investments, only assist the client with an overall strategy.

Quite often, clients do want APG to manage their investment portfolio. We provide portfolio management of client assets on a non-discretionary basis with ongoing supervisory services. A separate contract is signed that covers portfolio management services and a written investment recommendation is prepared. The recommendation uses the client's age, risk tolerance, time horizon and investment experience to recommend a customized portfolio that meets the client's goals and objectives. Although each client portfolio is unique, APG uses four model portfolios as a starting point for investment recommendations.

Portfolios managed by APG on a fee-only basis contain commission-free mutual funds and exchange traded funds. In order to hold these securities, each client opens an account with Pershing Advisor Services, a division of Pershing LLC.

Financial planning is not required for clients who request portfolio management services only. An Investment Committee consisting of Robert Runde and Michael Parry reviews all proposals before they are presented. Mr. Runde and Mr. Parry are responsible for the final recommendations and for all client meetings. On a quarterly basis the investment committee meets to determine whether changes to securities used in client portfolios needs to be changed or if portfolio allocations adjusted.

If APG begins managing a client's assets during the first year of a financial planning relationship, APG may decide to waive the remaining balance that the client owes under the financial planning agreement. In no event would APG charge a planning fee to a managed account client after the first year. Rather, APG's policy has always been to provide all other financial consultations (excluding income tax preparation) gratis to clients who pay APG a fee as a percentage of assets under management.

As of December 31, 2011 APG managed \$64,294,400 of client assets, all on a non-discretionary basis. APG does not have discretion over any client accounts.

Clients who continue to meet the minimum account size will receive performance reports from APG (in addition to the statements that are provided by the custodian) at least semi-annually. These reports will show account performance and generally be prepared after the end of a calendar month. APG will attempt to schedule a review with each client to discuss investment holdings and portfolio allocation at least twice a year. These discussions provide the client with an opportunity to notify APG if there have been changes in the client's overall financial situation or investment objectives. APG will accept reasonable restrictions on management of client accounts.

## **Item 5 – Fees and Compensation**

Fees for financial planning and portfolio management are established in each client's written agreement.

## **Financial Planning**

The hourly fee for financial planning is up to \$250 and is paid after client consultations. Fixed fees, which generally range from \$750 to \$8,000, are charged for written financial plans. The fee depends on the complexity of the client's financial situation. Financial plans generally incorporate recommendations with respect to cash flow, tax planning, asset allocation, insurance analysis, education funding, retirement planning and estate planning. Fees of \$1,000 or less are billed semi-annually in advance; fees greater than \$1,000 are billed quarterly in advance. For subsequent years, clients pay an annual retainer, usually less than the written plan fee, also billed semi-annually or quarterly in advance.

## **Portfolio Management**

APG charges asset management fees that are based on the average monthly value of the client's account during the preceding quarter. Fees are charged one-quarter in advance, but will be refunded on a pro-rated basis to any client who terminates the management service. The following fee schedule is typically used to calculate client fees:

- First \$500,000 at 1.15%
- Next \$1,000,000 at 0.75%
- Next \$1,500,000 at 0.50%
- Above \$3,000,000 fee is negotiable

Clients authorize APG to directly debit fees from client accounts. Management fees may be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). 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. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

In addition, any transaction fees and/or custodial fees will be paid by the client. APG reserves the right to waive traditional financial planning fees for clients who separately contract for portfolio management services. All transaction costs and custodial fees charged by the custodian are disclosed.

APG's fees are exclusive of transaction fees, and other related costs and expenses which shall be paid by the client. No commissions are charged on assets held in advisory accounts. Therefore APG has no incentive to recommend more trades for a client than what APG deems is in the best interest of the client. APG does not earn 12b1 fees on assets held in client accounts.

Clients may incur certain charges imposed by custodians, brokers and third party investment firms such as management fees, 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 APG's fee, and APG shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that APG considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Clients may at any time terminate their advisory contract within five (5) business days after the date that the contract is signed without penalty by providing written notice thereof. If the agreement is terminated, any pre-paid fees received by APG will be refunded to the client. After five (5) business days, fees will be returned on a pro rata basis.

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

APG 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).

#### **Item 7 – Types of Clients**

APG provides financial planning and portfolio management services primarily to individuals and corporate pension and profit-sharing plans. There is a \$100,000 minimum for establishing a managed investment account. Under certain circumstances, APG's fee schedule and minimum account values may be negotiable. The minimum fee for financial planning is \$750.

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

Client accounts are managed according to the principles of asset allocation which attempt to optimize the risk/reward profile of a client's portfolio by investing among several asset classes according to the client's financial goals and risk tolerance. APG has designed model portfolios in order to implement asset management services based on the client's risk tolerance. Mutual funds and exchange traded funds are the primary investment vehicles used in client accounts.

The risk and volatility of each client's portfolio is monitored and adjusted by the selection of the specific mutual funds and exchange-traded funds that each client holds. Each client account is managed based on each client's unique financial situation and investment objectives, and risk tolerance. However APG uses four model portfolios as the starting point for allocating a client's portfolio. Portfolio allocation that is based on each client's unique situation is done to ensure that APG's portfolio management services do not operate as an unregistered investment company.

Before entering into a contract with a client, APG will obtain sufficient information from the client to provide investment advice that is tailored to the risk tolerance and investment objectives of the client. APG's services are designed to assist clients in choosing among the many mutual funds offered, and allocating their portfolios between asset classes.

On a regular basis, at least quarterly, funds are reviewed for changes in management or changes in management style.

**Investing in securities involves risk of loss that clients should be prepared to bear. While asset allocation can reduce volatility in client accounts, it is no guarantee that investment performance will be positive.**

## **Item 9 – Disciplinary Information**

APG has no disciplinary information to disclose.



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

Advisors of APG have a fiduciary duty to clients. Therefore the associated persons of APG are required to disclose related activities that they are engaged in, beyond giving financial planning and investment advice as agents of APG.

APG associated persons are registered representatives of Financial Network Investment Corp. (FNIC), a broker dealer located in El Segundo, CA. These individuals, in their separate capacity as registered representatives, are able to effect securities transactions for clients. When placing securities transactions through FNIC, they may earn sales commissions when the payment of a commission is usual and customary for such a transaction. Such commission is separate from and in addition to the advisory fee paid by the client to APG. However, no commissions or 12b1 fees are earned on assets held in APG advisory accounts.

Mr. Runde and Mr. Parry are also advisory representatives of FNIC's investment advisory division and offer portfolio management service known as Preferred Asset Management. The service provides clients with individualized investment portfolio management services including account review, consolidated reporting and ongoing investment recommendations. This is a similar service to the portfolio management services offered by APG. Because of additional administrative costs, asset management fees may be higher than those charged under APG's own investment advisory service. Clients engaging these persons as advisory representatives of FNIC should refer to FNIC's ADV Part 2 for additional information including specific costs.

In the past, FNIC's advisory platform was recommended to clients requesting individual securities in their managed portfolios. In October 2007, APG began using Pershing Advisor Solutions (PAS) as the custodian for all client assets. Through PAS, APG may include individual securities in client portfolios when requested and as appropriate. In general, no new FNIC advisory accounts have been opened by associated persons of APG since changing custodians.

No referral fees are paid between APG and FNIC. Clients are not obligated to accept recommendations from APG or the associated persons. If investments are made for financial planning clients of APG, usual and customary commissions may be earned.

APG's associated persons are licensed to sell, for sales commissions separate from APG's advisory fee, insurance products through The Principal, among many companies. No client is obligated to purchase insurance products through these associated persons.

In order to better serve our clients, Mr. Parry provides income tax services to clients through his tax preparation firm, R. Michael Parry Tax Preparation Services LLC, for separate and customary compensation. APG may recommend Mr. Parry's tax services to clients in need of tax preparation. In addition, any clients of Mr. Parry's tax preparation services who need advisory services may be referred to APG. Mr. Parry may pay a referral fee if advisors of APG refer clients to Mr. Parry's tax preparation service. No client is obligated to use Mr. Parry's tax preparation services when considering the implementation of advisory recommendations. This activity takes up a small portion of Mr. Parry's work week. No preferential treatment is given to tax preparation clients.

While APG's associated persons endeavor at all times to put the interests of clients first as part of APG's fiduciary duty, clients should be aware that the receipt of compensation from the activities detailed in this section can by itself create a conflict of interest and may affect the judgment of APG advisors when making recommendations.

### **Item 11 – Code of Ethics**

APG 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 APG must acknowledge the terms of the Code of Ethics annually, or as amended.

It is possible that client accounts over which APG has management authority will recommend the purchase or sale of securities in which APG, its affiliates and/or clients, directly or indirectly, have a position of interest. APG's employees and persons associated with APG are required to follow APG's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of APG and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for APG's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of APG 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.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of APG's clients. In addition, the Code restricts trading in individual securities 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 APG and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with APG's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. APG will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

APG's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Michael Parry.

It is APG's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. APG will also not cross trades between client accounts.

## **Item 12 – Brokerage Practices**

### **PORTFOLIO MANAGEMENT:**

APG requires portfolio management clients to use Pershing Advisor Solutions for brokerage and custodial services. Because APG advisors are also registered representatives of FNIC, FNIC has supervisory responsibilities over the securities trading activities of these individuals, including oversight of APG advisory services. In an effort to meet its supervisory obligations, FNIC has exercised influence over the choice of broker / custodian that clients of APG may use.

APG has evaluated Pershing's clearing services and believes that it will provide APG clients with a blend of execution services, commission costs and professionalism that will assist APG in obtaining best execution for transactions.

Due to APG's relationship with FNIC, APG reserves the right to refuse to accept any client account that directs the use of a custodian other than Pershing. In directing the use of Pershing, it should be understood that APG will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. Clients should note, while APG has a reasonable belief that Pershing is able to obtain best execution and competitive prices, APG will not be independently seeking best execution price capability through other broker dealers. Not all advisers require clients to direct it to use a particular broker dealer.

### **FINANCIAL PLANNING:**

The associated persons of APG are separately registered as representatives of FNIC, a FINRA-registered broker-dealer. APG may recommend the use of FNIC to clients for implementation of investment recommendations, provided that this recommendation is consistent with APG's fiduciary duty to the client. Any commissions or other compensation received from the implementation of financial planning recommendations is separate and distinct from APG's advisory fee. No financial planning client is obligated to use FNIC to implement any recommended transactions.

Clients should be aware that best execution and lower commissions may not necessarily be achieved if recommended transactions are placed through FNIC representatives, in their separate capacities as registered representatives or insurance agents/brokers.

### **Item 13 – Review of Accounts**

APG generally provides both financial planning and portfolio management services.

Financial planning clients are generally provided with a written report containing information consistent with their goals and objectives. This written report may be reviewed annually, or more frequently, as agreed to by the clients. Financial planning clients can expect to receive portfolio reviews as they request or as contracted for. Either Mr. Runde, President or Mr. Parry, Vice-President, will perform the reviews.

Whereas the underlying securities in portfolio management accounts are continuously monitored, these accounts are generally reviewed with the client quarterly or semi-annually, as contracted, also by Mr. Runde and Mr. Parry. Ongoing supervisory services are provided for all portfolio management accounts.

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

APG does not offer compensation for referrals. See item 12 for other compensation that associated persons of APG may earn.

### **Item 15 – Custody**

Clients receive statements at least quarterly from the qualified custodian (Pershing LLC) that holds and maintains client's investment assets. APG urges clients to carefully review such statements and compare official custodial records to the account reports that are provided by APG. Our statements may vary from custodial statements based on reporting dates, accounting procedures or valuation methodologies of certain securities.

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

APG does not have discretionary authority for any client accounts.

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

As a matter of firm policy and practice, APG 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. APG may provide advice to clients regarding the clients' voting of proxies.

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

Registered investment advisers are required in this Item to provide certain financial information or disclosures about APG's financial condition. APG has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has never been the subject of a bankruptcy proceeding.

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

##### **Management Background**

See response to Form ADV Part 2B - Investment Adviser Brochure Supplement.

##### **Other Business**

See response to Item 10 – Other Financial Industry Activities and Affiliations.

##### **Performance-Based Fees**

Neither APG nor any supervised persons are compensated by performance-based fees.

##### **Disciplinary Disclosures**

Neither APG nor any management persons have been involved in any activities resulting in a disciplinary disclosure.

##### **Issuer of Securities**

Neither APG nor any management persons have any relationships or arrangements with any issuer of securities.