



## **Part 2A of Form ADV: *Firm Brochure***

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This brochure provides information about the qualifications and business practices of Whelan Financial. If you have any questions about the contents of this brochure, please contact us at 559-228-8002 or [info@whelanfinancial.com](mailto:info@whelanfinancial.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 Whelan Financial is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 107227.

## **Item 2    Material Changes**

There are no material changes at this time.

Our Firm Brochure may be amended periodically. You may request a copy of our Firm Brochure at any time by contacting us at (559) 228-8002.

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## **Item 4    Advisory Business**

Whelan Financial, a California corporation, is a SEC-registered investment adviser with its principal place of business located in Fresno, California. Vincent J. Whelan, CFP®, President established Whelan Financial, in its original form, in 1988.

Whelan Financial offers Wealth Management Services to our clients which include:

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous investment advice to clients based on their individual needs. We develop a client's personal investment policy based on their goals, personal objectives, and particular circumstances. The goals and objectives are reviewed during our quarterly meetings. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's objectives (i.e., controlled income, conservative, balanced, growth or assertive), as well as tax considerations.

Through the investment policy statement and Asset Management Agreement, clients restrict Whelan Financial from investing outside the approved stock-to-bond ratio, investment categories and a list of investments.

Our investment recommendations are not limited to any security type offered by a broker dealer. In general we provide advice about no load mutual funds. Under certain circumstances, we may provide advice regarding the below:

- Exchange Traded Funds
- Exchange-listed securities (individual stocks)
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Annuities

- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity or suitability.

Once the client's portfolio has been established, they are reviewed no less frequently than quarterly and if necessary, rebalanced to their asset allocation.

## **FINANCIAL PLANNING**

We provide financial planning services to our Wealth Management Clients should they elect to engage in the process.

Financial planning is an evaluation of a client's current and future financial state by using assumptions to predict future cash flows, asset values and withdrawal strategies. Clients are presented with an analysis which outlines a detailed financial plan designed to assist the client achieve his or her financial goals and objectives. A copy of the analysis is provided upon request.

The analysis is intended to measure variables known at the time it is presented. Changes in client circumstances and actual experience vs. analysis assumptions could materially affect actual results.

In general, the financial plan may address any or all of the following areas:

- **PERSONAL FINANCIAL GOALS:** Short and Long term objectives are identified and quantified.
- **TAX & CASH FLOW:** We consider taxation when addressing financial goals. Tax is estimated but client is referred to their tax adviser for specific advice.
- **INVESTMENTS:** We analyze investment portfolios and their impact on the financial plan.
- **INSURANCE:** As part of the process above, we provide observations regarding health, life disability and long-term care. We do not provide observations on multiple lines insurance. Clients are referred to their insurance agent/broker for specific advice regarding insurance.
- **RETIREMENT:** We analyze current savings strategies, investment plans, expense patterns and future income expectations to help the client achieve his or her retirement goals.
- **ESTATE:** We make observations on estate planning issues and refer the client to an estate planning attorney when needed.

We gather required information through documents provided by the client and in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes toward risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written analysis. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with us, his/her attorney, accountant and insurance agent. Implementation of financial plan

recommendations is entirely at the client's discretion. The financial plan receives regular monitoring and updating.

## **AMOUNT OF MANAGED ASSETS**

As of 12/31/2013, we were actively managing \$192,303,930.80 of clients' invested assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **PORTFOLIO MANAGEMENT SERVICES FEES**

For clients with greater than \$500,000 in assets under management, the annual asset management fee charged by Advisor shall be as follows: 1% of the first \$1,000,000; plus .75% on amounts in excess of \$1,000,000, up to \$1,500,000; plus .50% on amounts in excess of \$1,500,000.

For clients with less than \$500,000 in assets under management, the fee charged by Advisor shall be: 1.5% on the first \$250,000; plus 1.25% for amounts in excess of \$250,000, up to \$500,000.

Such fee shall be computed on a quarterly basis and billed in advance at the beginning of each calendar quarter at .25 times the annual rate. The calculation uses account balances as of the last day of each calendar quarter and pro-rates fees for partial quarters. Such fee will be disclosed in writing to the client each quarter.

A minimum fee of \$5,000 per year is required for Advisor asset management services.

We retain the discretion to negotiate alternative fees on a client-by-client basis. We may group certain related client accounts for the purposes of achieving the maximum account size in determining the annualized fee. Certain clients may have their fees reduced or waived under certain circumstances such as financial hardship.

### **BILLING OF FEES**

Advisor will sell investments, in a manner consistent with the client's asset allocation; in an amount sufficient to cover up to one year's anticipated fees.

### **PAYMENT OF FEES**

Fees are debited directly from the client's accounts. Plan account fees are paid out of Plan assets to the extent permitted under ERISA. There are a small number of grandfathered clients that are invoiced.

### **FINANCIAL PLANNING FEES**

Included in Whelan Financial's asset management fee outlined above is an initial retirement capital projection and updates no sooner than five years. Client requested financial planning will be charged at a rate of \$250 per hour. A financial planning letter of engagement, including an estimate of time, will be presented to the client prior to the commencement of work.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** The Asset Management Agreement may be terminated at any time upon written notice by either party to the other. Any fees collected for any period beyond the termination of the contract is refunded to the Client on a pro rata basis.

At Client option, the contract may be cancelled without obligation within five days of the effective date of the contract.

***Mutual Fund Fees:*** In addition to Whelan Financial's asset management fee, Clients also pay management fees and expenses charged by any mutual funds and/or ETF in their portfolios. Such fees are automatically deducted by the mutual fund and/or ETF company and disclosed in the prospectus for each mutual fund or ETF.

A client could invest in a mutual fund or ETF directly, without our services or fees.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which Whelan Financial effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients may be subject to Whelan Financial's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship unless otherwise amended. Therefore, our firm's minimum account requirements may differ among clients.

***ERISA Accounts:*** ERISA Regulation 408(b)(2) requires Whelan Financial to provide new fee disclosure notices.

Whelan Financial is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

***Advisory Fees in General:*** Clients should note that advisory services, however different they may be, may or may not be available from other registered investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require payment of fees more than six months in advance of services rendered.

***Wrap Fee Programs and Separately Managed Account Fees:*** Whelan Financial does not engage in Wrap Fee Programs or Separately Managed Accounts.

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

Whelan Financial does not charge performance-based fees.

## **Item 7 Types of Clients**

Whelan Financial provides advisory services to the following types of clients:

- High net worth individuals
- Individuals other than high net worth individuals (subject to special consideration)
- Defined Contribution Plans such as 401(k)s
- Defined Benefit Plans such as Cash Balance plans
- Corporations or other businesses not listed above

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

### ***INVESTMENT STRATEGIES***

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Asset Allocation:** When using asset allocation, the ratio of securities, fixed income, and cash will change over time due to market movements. We rebalance regularly to minimize the risk associated with such change.

Whelan Financial does not engage in market timing or focus primarily on securities selection. Using asset allocation we custom design client portfolios of mutual funds suitable to the client's investment goals and risk tolerance. Occasionally security types such as ETFs and individual Treasuries and CDs are used.

**Long Term Strategy:** Using diversified investment objectives we recommend securities that are appropriate for the client's long term horizon. We advise exposure to particular asset classes, regardless of the current outlook for this class. Our strategy is long term buy, hold and rebalance.

**Short Term Strategy:** Should a short term need arise regarding a client's asset under management, client is advised to reposition appropriate amounts to short term instruments commensurate with such need.

### **METHODS OF ANALYSIS**

We custom build a portfolio design for each client using asset allocation. Our investment committee continually reviews, monitors and updates our investment methods and processes.



***Mutual Fund and/or ETF Analysis.*** The Investment Committee, continually reviews the approved list of investments and any potential new investments or replacements. Each investment has been selected from a list of potential alternatives that have met our search parameters. Such parameters include, but are not limited to:

- Expense
- Performance
- Holdings
- Manager Tenure and Track Record
- Risk
- Rank vs. Category
- Morningstar Ratings: Star and Analyst Ratings

The fund selected or replaced is then measured for impact on the clients portfolio using a portfolio analytic software. We review and monitor overlap of underlying investments.

Additionally, the Investment Committee conducts portfolio analysis for portfolio parameters including:

- Stock-to-bond ratio
- Fixed Income quality, maturity and duration
- Growth vs. Value
- Geometric Market Capitalization
- Beta spread
- Foreign vs. Stock percentage

A risk with any mutual fund and/or ETF is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. Using Morningstar software, a review of the portfolio cross-section is conducted periodically to mitigate this risk. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio. Whelan Financial mitigates such risk to the extent that it includes index funds in its portfolios.

***Risks for all forms of analysis.*** Our analysis methods rely on the assumption that all sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **Item 9     Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Whelan Financial has no reportable legal or disciplinary events to disclose.

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

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Whelan Financial and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for oversight, enforcement and recordkeeping provisions.

Whelan Financial's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. All employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [info@whelanfinancial.com](mailto:info@whelanfinancial.com), or by calling us at 559-228-8002.

Whelan Financial and individuals associated with our firm are prohibited from engaging in principal transactions and in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may knowingly purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

## **Item 12 Brokerage Practices**

Whelan Financial recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer and SIPC member, to maintain custody of clients' assets and to effect trades for their accounts. Although we suggest that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Whelan Financial is independently owned and operated and not affiliated with Schwab. Whelan Financial has evaluated Schwab and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm in meeting our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than Schwab if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. Should the client direct the use of Schwab, Whelan Financial will negotiate commissions but not obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker). Clients should note, while Whelan Financial has a reasonable belief that Schwab is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisory firms require their clients to direct brokerage.

Schwab provides Whelan Financial with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business over \$10 million (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through transaction fees and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Whelan Financial but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, client recordkeeping and client reporting.

Schwab Institutional may also provide other benefits such as educational events to our personnel. In evaluating whether to recommend that clients custody their assets at Schwab, we do not take into account the educational events. We consider the nature, cost and quality of custody and brokerage services provided by Schwab. Discounts on various Schwab and other products may create a potential for conflict of interest.

The signed broker dealer application evidences the clients acceptance of a referral to Charles Schwab. This application includes specific powers of attorney granted by client including but not limited to:

- Authorization to make trades in the account
- Authorization to disburse money to accounts with like registrations
- Authorization to deduct fees

Clients should review the application for specific language pertaining to these authorizations.

Whelan Financial does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

## **Item 13    Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored in our investment committee setting, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated risk tolerance, investment objectives, investment policy statement and long term capital analysis. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances.

These accounts are reviewed by:

Vincent J. Whelan, CFP®, President, Senior Advisor

Portia L. White, CFP®, Vice President, Senior Advisor

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing investment performance net of expense, balances and holdings.

## **FINANCIAL PLANNING SERVICES**

**REPORTS:** Whelan Financial does financial planning for wealth management clients only. Our clients will be presented with a retirement capital analysis. We do not do comprehensive financial planning which would include analysis in areas such as: tax returns, employee benefits, estate planning and multiple lines insurance.

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

It is Whelan Financial's policy not to pay related or non-related persons for referring potential clients to our firm.

It is Whelan Financial's policy not to accept or allow our advisory affiliates to accept any form of compensation, including cash, from a non-client in conjunction with the advisory services we provide to our clients.

### **Item 15 Custody**

Our firm does not have actual or constructive custody of client accounts. Clients receive monthly brokerage statements directly from their custodians.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. We send remittance and no remittance required invoices on a quarterly basis.

In addition to the periodic brokerage statements that clients receive directly from their custodians, we provide investment performance reports to our clients on a quarterly basis. We notify our clients in writing to carefully compare the information provided on these reports to the statements provided by

their custodian(s) to ensure that all account transactions, holdings and values are accurate.

## **Item 16 Investment Discretion**

Clients hire us to provide discretionary asset management services on a limited basis by signing an asset management agreement.

Investments are made pursuant to a recommended Investment Policy Statement approved by the client. The Investment Policy Statement includes an asset allocation, an approximate stock-to-bond ratio and a panel of recommended investments. This approval will automatically constitute the Client's limited authorization to rebalance its portfolio only among the approved allocation and within investments approved in advance by them. The Advisor has the discretion to purchase other share classes of the previously approved funds when the Advisor deems it is in the best interest of the client.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security and the amount to buy or sell limited to the investment policy statement.

Investment discretion is attained through the custodian's Limited Power of Attorney signed by the Client. These authorities and limitation may be changed and/or amended by providing the custodian with written instructions.

## **Item 17 Voting Client Proxies**

We vote proxies for our ERISA clients' accounts only unless they have elected to exercise this responsibility themselves. These clients can exercise this right by instructing us in writing not to vote proxies in their account.

We will vote proxies in the best interests of our ERISA clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision on how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Whelan Financial by telephone, email, or in writing. Clients may request, in writing, information on how proxies for the plan shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will vote proxies for ERISA clients only on securities that fall within our management.

With respect to ERISA accounts, we will vote proxies unless we are advised by the client that the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact [info@whelanfinancial.com](mailto:info@whelanfinancial.com).

We do not vote proxies for the following types of accounts which include but may not be limited to:

- Individual Retirement Accounts (including Traditional, Roth, SEP and Simple)
- Estate Trust Accounts
- Joint Tenant/WROS
- Community Property/WROS
- 401(k)s For the Benefit Of an individual
- LLC's
- Corporations

For accounts where we do not vote proxies and our firm provides investment advisory services, clients' maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the clients investment assets.

## **Item 18 Financial Information**

Whelan Financial has no adverse financial circumstances to report.

Under no circumstances do we require or solicit payment of fees more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Whelan Financial has not been the subject of a bankruptcy petition at any time.