

# Comprehensive Financial Planning, Inc.

SEC File Number: 801 – 55646

# Comprehensive Financial Planning, Inc.

## Brochure

**Dated 05/07/2014**

Contact: Richard J. Walters, CFP®, AIF® - Chief  
Compliance Officer  
5995 Lemon Street  
East Petersburg, Pennsylvania 17520  
[www.compcos.com](http://www.compcos.com)

**This brochure provides information about the qualifications and business practices of Comprehensive Financial Planning, Inc. (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (717) 569-6667 or [rwalters@compcos.com](mailto:rwalters@compcos.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 Comprehensive Financial Planning, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Comprehensive Financial Planning, Inc. as a registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**



## **Item 2      Material Changes**

The only changes made to Comprehensive Financial Planning, Inc.'s disclosure statement since last year's Annual Amendment filing on May 8, 2013 was a new designation of Accredited Investment Fiduciary® (AIF®) for Richard J. Walters, CFP®, AIF® and Wendel L. King, AIF® and Item 4 E – Non-discretionary Assets of \$166,478,508.

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## Item 4      **Advisory Business**

- A. Comprehensive Financial Planning, Inc. (the “Registrant”) is a corporation formed on February 28, 1984 in the Commonwealth of Pennsylvania. The Registrant became registered as an Investment Adviser Firm in 1986. The Registrant is owned by Richard J. Walters, CFP®,AIF® - Mr. Walters is also the Registrant’s President.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, pension and profit sharing plans, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide non-discretionary investment advisory services on a *fee* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management between 1.75 % and 0.40% for Equity Investments and 0.26% for Cash and Cash equivalent Investments.

#### **THE MANAGED PORTFOLIO PROGRAM**

The Registrant offers investment adviser service to its clients under its Managed Portfolio Program. The Managed Portfolio Program is an intermediate to long-term proposition, designed for clients choosing to participate in intermediate to long-term bull markets, while avoiding the potential severe declines of intermediate to long-term bear markets. The Managed Portfolio Program attempts to coordinate and monitor the client’s investment portfolio based on the client’s designated investment objectives.

The services offered within the Managed Portfolio Program include: continual asset management and implementation services, summarized portfolio reports, semi-annual account reports to clients detailing with account holdings, and a newsletter reviewing the markets, the economy and the Registrant’s current investment outlook. The fee schedule for the Managed Portfolio Program is as follows:



## MANAGED PORTFOLIO PROGRAM FEE SCHEDULE

(Expressed as % of Asset in Managed Account)

### Asset Value

### Fee Schedule

#### **INVESTED EQUITY PORTION OF PORTFOLIO**

Less than \$250,000	1.75%
\$250,000 but less than \$500,000	1.50%
\$500,000 but less than \$1,000,000	1.25%
\$1,000,000 but less than \$5,000,000	0.85%
\$5,000,000 but less than \$10,000,000	0.60%
\$10,000,000 plus	0.40%

#### **CASH AND CASH EQUIVALENT PORTION OF PORTFOLIO**

0.26%

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis.

The Registrant uses a two-fold approach when providing financial planning and consulting services to its clients. First, the Registrant takes a broad view of the client's financial picture. Second, the Registrant attempts to coordinate and formulate an interrelated plan by working closely with each client's other professional advisers.

The Registrant begins each client relationship with a background interview, learning the client's current financial positions, income stream, expenditures, retirement position, and investment portfolio. Thereafter, the client's individual planner analyzes taxable income statements, cash flow statements, income tax returns, insurance policies, investment portfolio, retirement plan, balance sheets, and the client's investment objectives. After gathering this information the individual planner is able, with the cooperation of the client's other professionals (attorney, accountant, investment adviser, insurance adviser), to form a strategic plan of action. A formal plan is delivered to the client for comments, adjustments, followed by execution. If changes in a client's financial circumstances warrant it, the planner may, on an hourly basis, revise and update the client's financial plan.

The Registrant's planning and consulting fees are generally rendered at a rate of \$150.00 per hour, but in certain limited circumstances may be negotiable (depending upon the level and scope of the services required and the professional rendering the services). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial*



*Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

Subsequent to the completion of a client's initial financial plan and analysis, the client may terminate the Registrant's on-going financial planning agreement upon thirty (30) day's written notice to the Registrant.

If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's representatives in their individual capacities as registered representatives of a broker-dealer and/or in their individual capacities as licensed insurance agents. (*See* disclosure at Items 10 C.1 and 10 C.8 below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## MISCELLANEOUS

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, retirement planning, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of the Registrant in their separate registered capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.



**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), the Registrant **may** maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee. **The Registrant's Chief Compliance Officer, Richard J. Walters, CFP®, AIF®, remains available to address any questions that a client or prospective client may have regarding the above fee billing practice.**

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Managed Portfolio Program Agreement or Financial Planning and Consulting Agreement*. Any client who has not received a copy of Registrant's written Brochure at least 48 hours prior to executing the *Managed Portfolio Program Agreement or Financial Planning and Consulting Agreement* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.



- E. As of February 28, 2014, the Registrant had \$166,478,508 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

- A. The client can determine to engage the Registrant to provide non-discretionary investment advisory services on a *fee* basis.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide non-discretionary investment advisory services on a *fee* basis. The Registrant's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant's management between 1.75 % and 0.40% for Equity Investments and 0.26% for Cash and Cash equivalent Investments.

### **THE MANAGED PORTFOLIO PROGRAM**

If a client determines to engage the Registrant to provide non-discretionary investment advisory services on a *fee* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (1.75 % and 0.40% for Equity Investments and 0.26% for Cash and Cash equivalent Investments) as follows:

#### **MANAGED PORTFOLIO PROGRAM FEE SCHEDULE (Expressed as % of Asset in Managed Account)**

<b><u>Asset Value</u></b>	<b><u>Fee Schedule</u></b>
<b>INVESTED EQUITY PORTION OF PORTFOLIO</b>	
Less than \$250,000	1.75%
\$250,000 but less than \$500,000	1.50%
\$500,000 but less than \$1,000,000	1.25%
\$1,000,000 but less than \$5,000,000	0.85%
\$5,000,000 but less than \$10,000,000	0.60%
\$10,000,000 plus	0.40%
<b>CASH AND CASH EQUIVALENT PORTION OF PORTFOLIO</b>	0.26%



## FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. The Registrant's planning and consulting fees are generally rendered at a rate of \$150.00 per hour, but in certain limited circumstances may be negotiable (depending upon the level and scope of the services required and the professional rendering the services).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Managed Portfolio Program Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients semi-annually in arrears, based upon the market value of the client's portfolio on the last trading day of each advisory fee period, unless specified otherwise in the program description.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*"), TD Ameritrade, Inc. ("*TD Ameritrade*"), T. Rowe Price Investment Services, Inc. ("*T. Rowe Price*") and/or The Vanguard Group, Inc. ("*Vanguard*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab*, *TD Ameritrade*, *T. Rowe Price* and/or *Vanguard* may charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid semi-annually, in arrears, based upon the market value of the assets on the last business day of the previous six months. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. The





Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria. (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). The *Financial Planning and Consulting Agreement* may be terminated by either party by written notice. If the *Financial Planning and Consulting Agreement* is terminated within thirty (30) days from the date of inception, all fees paid in advance will be refunded to the client. Should the *Financial Planning and Consulting Agreement* be terminated at any other time, the client will receive a pro-rata invoice for all services performed up until the date of termination.

The *Managed Portfolio Program Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Managed Portfolio Program Agreement*. The *Managed Portfolio Program Agreement* requires ten (10) days advance written notice for termination. Upon termination, the Registrant shall debit the account for the pro-rated portion of the unpaid advisory fee based upon the number of days that services were provided during the billing period.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant's representatives, in their individual capacities, as registered representatives of FSC Securities Corporation, ("FSC"), a registered broker-dealer, member of FINRA/SIPC, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through FSC, FSC will charge brokerage commissions to effect securities transactions, a portion of which commissions FSC shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by FSC may be higher or lower than those charged by other broker-dealers. In addition, FSC, as well as Registrant's Representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from FSC presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, Richard J. Walters, CFP®, AIF®, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.



3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However**, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

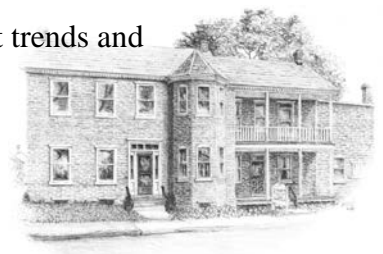
## **Item 7      Types of Clients**

The Registrant's clients shall generally include individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, etc.).

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

The Registrant uses the methods of analysis discussed below as investment monitoring criteria to periodically adjust the client's account. The Registrant believes that asset allocation across different asset classes may help to even out investment returns over time.

- A. The Registrant may utilize the following methods of security analysis:
  - Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)



1. The Registrant uses the 200 day and the 50 day moving average charts for selected representative investment sectors – i.e., balanced mutual funds, aggressive growth mutual funds, growth mutual funds, value mutual funds, growth & income mutual funds, bond mutual funds, international mutual funds, foreign mutual funds, utility mutual funds, real estate mutual funds, precious metal mutual funds, sector mutual funds, other mutual funds, the DJIA and the S&P 500 indexes, other indexes, ETF's as well as the actual investments selected.
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
    1. The Registrant monitors on a monthly basis the ratings of individual mutual funds utilized, including fund yield, rate of return, the percentile ranking of the fund within its investment category, as well as its volatility in both up and down markets.
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
    1. The Registrant attempts to stay aware of and assimilate a broad range of economic data, general stock market movements, interest rate and inflationary trends that may have a direct bearing on changing investment allocation recommendations and positions.

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year plus)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a



forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategy - Long Term Purchases – is a fundamental investment strategy. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets, on a non-discretionary basis, among various no-load mutual funds. Other investment vehicles, such as loaded mutual funds, exchange traded funds, individual stocks (equities) or bonds (debt), and fixed income securities may also be utilized depending upon each individual client's investment objectives.

## **Item 9      Disciplinary Information**

Neither the Registrant nor any management person of the Registrant has been the subject of any disciplinary actions.

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

- A. **Registered Representatives of FSC.** As disclosed above in Item 5.E, the Registrant's Principal and certain Associated Persons are also registered representatives of FSC, a FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or a representative of the foregoing.
- C.
  - 1. **Broker Dealer.** As disclosed above in Item 5.E, Registrant's Principal and certain Associated Persons, are registered representatives of FSC, a FINRA member broker-dealer. Clients can choose to engage Registrant's Principal and/or Associated Persons, in their individual capacities, to effect securities brokerage transactions on a commission basis.
  - 2. **Licensed Insurance Agents.** The Registrant's Principal and certain Associated Persons, in their individual capacities, are licensed insurance



agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4 B. above, clients can engage certain of Registrant's representatives to effect insurance transactions on a commission basis.

3. **Conflict of Interest:** The recommendation by either Richard J. Walters, CFP®, AIF®, Brooke W. Herr, Michael V. Kowalick, Wendel L. King, AIF®, Richard A. Friedman, CLU, ChFC, and/or Patrick J. Cloonan, Jr., CFP® that a client purchase a securities or insurance commission product presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Richard J. Walters, CFP®, AIF®, Brooke W. Herr, Michael V. Kowalick, Wendel L. King, AIF®, Richard A. Friedman, CLU, ChFC, and/or Patrick J. Cloonan, Jr., CFP®. Clients are reminded that they may purchase insurance products or recommended by Registrant through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Richard J. Walters, CFP®, AIF®, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

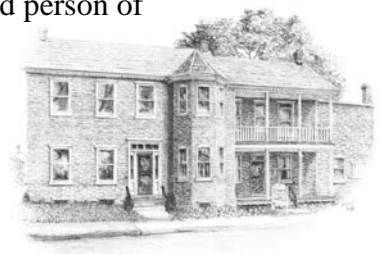
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.



- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C., the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*, *TD Ameritrade*, *T. Rowe Price*, and/or *Vanguard*. Prior to engaging Registrant to provide investment management services, the client will



be required to enter into a formal *Managed Portfolio Program Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab, TD Ameritrade, T. Rowe Price*, and/or *Vanguard* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

#### 1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Schwab, TD Ameritrade, T. Rowe Price*, and/or *Vanguard* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.



As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, TD Ameritrade* and/or *Vanguard* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab, TD Ameritrade, T. Rowe Price*, and/or *Vanguard* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Richard J. Walters, CFP®, AIF®, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

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- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written or electronic periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Schwab*, *TD Ameritrade*, *T. Rowe Price*, and/or *Vanguard*.



The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab, TD Ameritrade, T. Rowe Price, and/or Vanguard*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, TD Ameritrade, T. Rowe Price, and/or Vanguard* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab, TD Ameritrade, T. Rowe Price, and/or Vanguard* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Richard J. Walters, CFP®, AIF®, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

## **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a semi-annual basis or in certain circumstances agreed upon by the Registrant and the Client on a quarterly basis. Clients are provided, at least quarterly, with written or, if the clients elect to have, electronic transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or



report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16 Investment Discretion**

The Registrant does not provide investment management services on a discretionary basis.

## **Item 17 Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant does not provide investment management services on a discretionary basis.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Richard J. Walters, CFP®, AIF®, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

