

# J.R. Cole & Associates, Inc.

## Firm Brochure

*This brochure provides information about the qualifications and business practices of J.R. Cole & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at (229) 883-1383 or by email at: [jay@ceafirm.com](mailto:jay@ceafirm.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 J.R. Cole & Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). J.R. Cole & Associates, Inc.'s CRD number is: 145903*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

There are no material changes in this brochure from the last annual updating amendment of J.R. Cole & Associates, Inc. on March 15, 2013. Material changes relate to J.R. Cole & Associates, Inc.'s policies, practices or conflicts of interests only.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

J.R. Cole & Associates, Inc. is an S-Corporation organized in the state of Georgia.

This firm has been in business since February 28, 2008, and the principal owner is John R. Cole III.

### B. Types of Advisory Services

J.R. Cole & Associates, Inc. (hereinafter "JRC") offers the following services to advisory clients:

#### *Investment Supervisory Services*

JRC offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. JRC creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

JRC evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### *Selection of Other Advisors*

JRC may direct clients to third party money manager, The Jenkins Group. JRC will be compensated via a fee share from the advisors to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, JRC will always ensure those other advisors are properly licensed or registered as investment advisor.

#### *Financial Planning*

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and

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debt/credit planning. These services are based on hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

### ***Services Limited to Specific Types of Investments***

JRC generally limits its investment advice and/or money management to mutual funds, fixed income, and insurance products including annuities. JRC may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

JRC offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent JRC from properly servicing the client account, or if the restrictions would require JRC to deviate from its standard suite of services, JRC reserves the right to end the relationship.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. JRC DOES NOT participate in any wrap fee programs.

## **E. Amounts Under Management**

JRC has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0.00	\$200,000,000.00	12/31/2013

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
All Assets Under Management	1.00%

These fees are negotiable depending upon the needs of the client and complexity of the situation, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with thirty days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

#### *Selection of Other Advisors Fees*

JRC will direct clients to third party money manager, The Jenkins Group. JRC will be compensated via a fee share from the advisors to which it directs those clients. This relationship will be disclosed in each contract between JRC and The Jenkins Group. The fees shared will not exceed any limit imposed by any regulatory agency. The fee schedule is as follows:

AUM	This RIA's Split	Third Party's Split
All Assets Under Management	0.65%	0.35%

Fees are paid quarterly in arrears, and clients may terminate their contracts with ten days' written notice. Because fees are charged in arrears, no refund is necessary.

#### *Financial Planning Fees*

##### *Hourly Fees*

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$150 and \$250. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

### ***Payment of Selection of Other Advisors Fees***

Selection of Other Advisors fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

### ***Payment of Financial Planning Fees***

Hourly Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by JRC. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

JRC collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither JRC nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

JRC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

JRC generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

### *Minimum Account Size*

There is no account minimum.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

JRC's primary method of analysis includes fundamental analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

#### *Investment Strategies*

JRC utilizes long term trading strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

#### *Investment Strategies*

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

JRC generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SR) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither JRC nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither JRC nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

John R. Cole III is a licensed insurance agent as well as a pension consultant. From time to time, he will offer clients advice or products from those activities. Clients should be aware that insurance services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. J.R. Cole & Associates, Inc. always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of J.R. Cole & Associates, Inc. in their capacity as an insurance agent or pension consultant.

#### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

JRC will direct clients to third party money manager, The Jenkins Group. JRC will be compensated via a fee share from the advisors to which it directs those clients. This relationship will be disclosed in each contract between JRC and each third party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that JRC has an incentive to direct clients to the third party money managers that provide JRC with a larger fee split. JRC will always act in the best interests of the client, including when determining which third party manager to recommend to clients. JRC will ensure that all recommended advisors or managers are licensed or notice filed in the states in which JRC is recommending them to clients.

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

#### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

JRC does not recommend that clients buy or sell any security in which a related person to JRC or JRC has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of JRC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of JRC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. JRC will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of JRC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of JRC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. JRC will always transact client's transactions before its own when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. JRC will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

#### **1. *Research and Other Soft-Dollar Benefits***

JRC receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

#### **2. *Brokerage for Client Referrals***

JRC receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

JRC allows clients to direct brokerage. JRC may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage JRC may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

JRC maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing JRC the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

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## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by John R. Cole III, President. John R. Cole III is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at JRC are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by John R. Cole III, President. There is only one level of review and that is the total review conducted to create the financial plan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

JRC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to JRC clients.

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

JRC does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

JRC, with client written authority, has limited custody of client's assets through direct fee deduction of JRC's Fees only. Constructive custody of all client's assets and holdings is maintained primarily at the Custodian. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

JRC does not have discretion over client accounts at any time.

## **Item 17: Voting Client Securities (Proxy Voting)**

JRC will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

JRC does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither JRC nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

JRC has not been the subject of a bankruptcy petition in the last ten years.