



PLANNED ASSET MANAGEMENT  
A REGISTERED INVESTMENT ADVISOR

## **Planned Asset Management, LLC**

### **ADV Part 2A Brochure**

#### **Item 1 - Firm Brochure Cover**

This brochure provides information about the qualifications and business practices of Planned Asset Management, LLC (“Planned Asset Management” or “PAM”). If you have any questions about the contents of this brochure, please contact us at (800) 655-PLAN (7526).

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 Planned Asset Management, LLC is also available on the SEC’s website at <http://www.sec.gov/answers/iapd.htm>

Planned Asset Management, LLC is a registered investment advisor. Registration does not imply a certain level of skill or training.

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The date of this brochure is February 25, 2015

## **Item 2 - Material Changes**

Based on rules adopted by the SEC in July, 2010, Advisors are required to disclose material changes to the Advisor since the date of the last brochure and provide a summary of changes. Since our last filing in 2014, there have been no material changes.

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#### **Item 4 - Advisory Business**

Planned Asset Management was started in 1984 by Morrie W. Reiff, Chief Executive Officer and 100% owner. Planned Asset Management primarily manages client assets for a fee. Fees and compensation will be described in the next section. Planned Asset Management also provides financial, estate, and other planning services for an hourly fee.

#### **Management Services**

Each client situation is analyzed and a portfolio is constructed based on the client needs. Portfolios will generally consist of mutual funds, but can also include exchange traded funds or other securities. Planned Asset Management does not typically make recommendations for individual stocks. The client retains all rights of ownership (e.g., right to withdraw securities or cash, and exercise or delegate proxy voting). In addition, the client has the ability to impose restrictions on investing in certain securities or types of securities. Planned Asset Management will work with clients on a case-by-case basis related to any restrictions a client may have with regard to certain securities or security types. Depending on the client need or preference, assets can also be managed by a third party investment advisor.

Assets are generally managed on a discretionary basis with Planned Asset Management having the authority to make changes without notification to or authorization from the client. Planned Asset Management will generally communicate all changes to clients in writing and client will also receive confirmation of any transactions from the custodian of assets. As of 12/31/2014 Planned Asset Management had approximately \$138,750,000 of assets under management. Approximately \$133,448,000 of this amount represents discretionary assets, with approximately \$5,302,000 representing assets in non-liquid investments.

In order for Planned Asset Management to begin managing assets for the client, the client will be required to sign an Investment Management Agreement setting forth the terms and conditions of management, including the amount of the management fee. The client will also be required to open an account with a qualified custodian by completing the required account application with the custodian. Planned Asset Management may also recommend a third party manager, with client consent.

#### **Financial Planning Services**

Planned Asset Management may also prepare financial plans or offer other planning services for an hourly fee. Planned Asset Management may provide (but not required) a comprehensive evaluation of all available information that could have a bearing on a client's financial future. To minimize the distortions caused by inflation, present and future value concepts may be employed. General areas covered include investment planning, risk management, income tax planning, retirement planning, and estate planning. Planned Asset Management meets with the client and provides guidance through the process of financial and economic goals. Once the full details of the client's financial condition and economic goals are ascertained a plan is developed to achieve those goals.

#### **Item 5- Fees and Compensation**

Management fees are fixed at 1% of assets under management for assets of \$1 million or less. The fee is .75% for amounts greater than \$1 million. Assets in excess of \$3,000,000 are billed at ½ of 1% unless otherwise negotiated. The minimum annual fee is \$2,500 with a minimum asset base of

\$250,000. Exceptions to the minimums and the stated fees are made at the discretion of Planned Asset Management. Fees are deducted from client accounts in advance, on a quarterly basis.

Accounts may also be subject to a fixed administrative/technology expense of \$37.50 per quarter. Some of this relates to the increased technology associated with maintaining and transmitting safe, secure, data, including on site and off site data backups and security.

In addition to management fees, each custodian/investment may have maintenance, holding, or trading costs. These will be disclosed through separate agreements with each custodian or by prospectus(es) for each investment, and Planned Asset Management does not participate in these either directly or indirectly. More information on transaction costs can be found under “Brokerage Practices.” Clients may also pay costs related to third party reconciliation or reporting.

If contracts are terminated, a refund of the unearned portion of management fees paid in advance will be made to the client (or client account) upon request.

A managed account may cost the client more or less than if the assets are purchased and held in a traditional brokerage account. In a brokerage account, the client is charged a commission for each transaction and Planned Asset Management would have no duty to provide ongoing management. If client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice, client should consider opening a commission-based brokerage account instead of a managed account.

Planned Asset Management may also prepare financial plans or other services for an hourly fee. Fees are at the contract rate of \$395.00 per hour with a minimum of \$790.00 depending on the complexity of the project. Planning fees may be waived at the discretion of Planned Asset Management. One half of the fee (not to exceed \$500.00) is payable upon execution of the Letter of Understanding. The remaining fee is due and payable upon acceptance of the plan. If service is terminated prior to completion of plan(s), a pro rata refund of fees paid in advance will be made available on request, to the client for services not rendered.

## ADDITIONAL DISCLOSURES

Clients should be aware that there will be two layers of fees for mutual fund investments. Clients will pay the mutual fund a management fee as a shareholder in the fund. The client will also pay Planned Asset Management a management fee for managing the assets, asset classes, allocation, and/or other managers. The mutual funds available for management may be able to be purchased directly. Therefore, you could generally avoid the additional fees by not using Planned Asset Management’s management services and by making your own decisions about your mutual fund investments.

Mutual funds acquired or recommended within a managed account are generally no-load. Investment Advisor Representatives (“IARs”) of Planned Asset Management may have the ability to implement “load” mutual fund purchases or other products that pay a commission, in their capacity as a registered representative of Independent Financial Group, LLC (“IFG”). These investments would require separate disclosure. A potential conflict of interest exists since IARs may have incentive to recommend products based on compensation rather than client need. To minimize conflict, clients will be made aware of the purpose and reasons supporting any commissionable product. Disclosure of commission through prospectus or separate form will be made to ensure that

the client is aware of the compensation. Clients have the ability to purchase most investment products through other brokers or agents that are not affiliated with Planned Asset Management. Any variable annuity that generates a “front-end” commission or fee will be excluded from management fee billing for two years. Associated persons may receive 12b-1 fees from certain mutual fund companies as outlined in the fund’s prospectus. These 12b-1 fees come from assets and, therefore, indirectly from client assets. Such 12b-1 fees generated by qualified plan or IRA accounts are credited against management fees.

Planned Asset Management may also use third party advisors and is the owner of Quantitative Strategies, Inc. (QSI); both entities are under common ownership of Morrie W. Reiff and Joni Lynn Reiff. QSI is a third party money manager, and manages assets for Planned Asset Management clients, as well as other unaffiliated organizations. This may represent a conflict of interest, as there may be an incentive to use QSI over other investment strategies since Planned Asset Management and Mr. Reiff has the potential to receive distributions from QSI. Conflict is reduced through objective review of each client circumstance and the disclosure and explanation of fees, costs, and benefits.

Compensation may differ between third party advisors, and as a result, Planned Asset Management may have financial incentive to recommend one third party advisor over another. Planned Asset Management will objectively review the appropriateness of these investments and disclose all fees and costs to minimize this conflict. Details of the fees would be disclosed in separate agreements provided by the third party advisor or by Planned Asset Management.

Planned Asset Management Investment Advisor Representatives may also be licensed insurance agents and can receive insurance commissions. This can create a conflict of interest in recommending insurance products. Representatives will only recommend insurance products that are consistent with the needs and objectives of the client.

Planned Asset Management may pay client’s CPA or tax preparer a referral fee for the introduction of Client to PAM. CPA or tax preparer is required to disclose this arrangement to the client in a separate document.

#### **Item 6 - Performance-Based Fees**

Planned Asset Management does not have any clients that pay fees based on performance.

#### **Item 7 - Types of Clients**

Planned Asset Management provides service to individual clients, pension/profit sharing plans, corporations, 401(k)’s, trusts, and estates. The minimum account size is \$250,000. Exceptions may be made at the discretion of Planned Asset Management.

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

Planned Asset Management will use research provided by Morningstar, an independent third party, as well as other research provided directly from fund companies and other third parties, to determine which investments/mutual funds will be used. Consideration will be given to the underlying asset allocation, cost, performance, relative performance, volatility, and other factors. Based on the client objectives, funds will be allocated and periodically reviewed for changes. Changes can occur based on individual fund performance or based on a change in client risk

tolerance or objective. Tax issues may be considered, but depending on the above items, changes may be made that could create a significant tax liability.

Planned Asset Management may determine that the client is suitable for one or more third party advisory services and assist the client in selecting a particular third party advisory program or service. When third party advisors are used, Planned Asset Management's responsibility will typically include, but not be limited to:

- 1) Gathering information from the client about financial situation, investment objectives, and investment restrictions.
- 2) Review reports provided to the client.
- 3) Perform periodic due diligence of the third party.
- 4) Communicate information between client and third party manager as needed.
- 5) Assist the client in understanding and evaluating the services provided by the third party manager.
- 6) Being available to meet with client periodically to review their financial situation and objective.

Planned Asset Management may also determine that the client is suitable for one or more products that pay a commission. In these circumstances, the transactions are done through a broker/dealer relationship (currently Independent Financial Group, LLC), or through the advisor's capacity as an insurance agent. Depending on the nature of the transaction(s), engagement and disclosure forms would be provided prior to the transaction. Please see the "Fees and Compensation" section for more information.

All investments are subject to risk, including risk of loss, and clients should be prepared for this. Generally, the more aggressive the investment is, the greater the risk of loss.

### **Item 9 - Disciplinary Information**

PAM is required to disclose all material facts in any legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Due to his status as a control person, President and 50% shareholder of a former broker-dealer, AFA Financial Group, LLC, Mr. Morrie Reiff was named as a responding party in 11 FINRA Arbitration claims. Ten of these claims have been dismissed and the remaining one is expected to be resolved during 2015. AFA withdrew its membership from FINRA on April 30, 2010. The claims did not accuse Mr. Reiff of being involved in any sales-related wrongdoing, but included him as a responding party solely due to his ownership role.

One other FINRA arbitration claim filed 01/13/2010 entitled "Hajek & Park v. AFA Financial Group, LLC" making a \$571,000 claim against the former broker-dealer, AFA was settled in October, 2011 by the broker-dealer, AFA for \$12,500, and considered this a "nuisance settlement." Mr. Reiff was not a respondent or party in this claim but due to a clerical error, the arbitration was erroneously included in his Form U4 disclosure and hence, viewable on Mr. Reiff's public disclosure report at FINRA's BrokerCheck.

Details of these claims can be found on Mr. Reiff's public disclosure report at the SEC's Investment Adviser public disclosure site: <http://www.sec.gov/answers/iapd.htm>

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

IARs of Planned Asset Management may also be registered representatives of IFG, a registered broker/dealer. Please see “Fees and Compensation” for disclosure and conflict of interest.

Planned Asset Management is also the Parent entity and owner of Quantitative Strategies, Inc. (QSI); both entities are under common ownership of Morrie W. Reiff and Joni Lynn Reiff. QSI is a third party money manager, and manages assets for Planned Asset Management, clients, as well as other unaffiliated organizations. This may represent a conflict of interest, as there may be an incentive to use QSI over other investment strategies since Planned Asset Management and Mr. Reiff has the potential to receive distributions from QSI. Conflict is reduced through objective review of each client circumstance and the disclosure and explanation of fees, costs, and benefits.

Morrie W. Reiff is an insurance agent and may receive compensation for the sale of insurance products.

## **Item 11 - Code of Ethics**

Planned Asset Management has adopted a written code of ethics covering all supervised persons. The code of ethics consists of the following core principles:

- 1) The interests of clients will be placed ahead of Planned Asset Management’s or any employee’s own investment interests.
- 2) Employees are expected to conduct their personal securities transactions in accordance to the firm’s trading policy and will strive to avoid any actual or perceived conflict of interest with the client. Employees will consult with Planned Asset Management’s Chief Compliance Officer before taking any action that may result in conflict.
- 3) Employees will not take inappropriate advantage of their position with Planned Asset Management.
- 4) Employees are expected to act in the best interest of each of our clients.
- 5) Employees are expected to comply with federal securities laws.

Employees must agree and comply with this code in connection with the annual policy manual acknowledgement process. A copy of the code of ethics is available to any client or prospective client on request.

Planned Asset Management IARs or a related person may purchase the same investments as those owned by clients. Based on the dollar amounts of the purchases, the size of the funds, and long-term nature of these investments, Planned Asset Management does not feel it represents a conflict of interest. Since Planned Asset Management does not usually recommend individual stocks, Planned Asset Management IAR or related person will not purchase the same stock recommended to a client. However, it is possible that Planned Asset Management or related person will own the same stock that a client owns. If this occurs, trading will be monitored to avoid any conflict, or the appearance of a conflict of interest, with client trades having priority and executed separately and independently from any Planned Asset Management IAR or related person trades.

Planned Asset Management does not offer or provide principal transactions for client accounts, nor does it cross trades between an account of one client with an account of another client.

## **Item 12 - Brokerage Practices**

Planned Asset Management will recommend the qualified custodians and broker/dealers to client for custody and execution of transactions. In reviewing qualified custodians for client assets, Planned Asset Management will look at costs to open, maintain, and close the account. Planned Asset Management will also consider the broker/dealer's ability to execute transactions at a cost that will allow Planned Asset Management to satisfy its duty of best execution. Trading costs are typically an integral part of this consideration and Planned Asset Management does not participate in trading costs or commissions, and does not receive research or soft dollar benefits.

Trading costs are subject to change by the custodian and will generally represent less than 1/4 of 1% of assets. The operational support and technology provided by the custodian is also important, as higher efficiencies allow for faster, more accurate reporting and allow for focus on research and other client services.

Clients may select any broker/dealer for implementation of financial planning recommendations made by Planned Asset Management. If implementation is done through a PAM IAR, in his separate capacity as a registered representative of IFG, IFG will be used. PAM IARs that are registered representatives of IFG are required to use IFG for securities transactions. IFG has a wide range of available investments.

Planned Asset Management does not aggregate the purchase or sale of securities for multiple client accounts. Given Planned Asset Management's primary use of mutual funds, we do not believe this presents a disadvantage to a client.

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

Managed accounts are reviewed no less than quarterly at the direction of Morrie W. Reiff, as well as the Chief Compliance Officer or other appointed staff. Underlying assets and asset performance is reviewed, as well as the overall allocation to assess consistency with the client's original objective. A quarterly report is prepared and is either sent to the client or reviewed with the client in a meeting or by phone. Client meetings can occur quarterly, or as requested by the client. Reports may include values of all assets as of the report date, schedules showing individually and in aggregate, deposits, withdrawals, dividends, and fees for the quarter. Information is also shown in aggregate for the previous quarter, year-to-date and last twelve months.

Reviews of financial plans are provided as requested. Triggering factors would be a significant change in the client's financial situation. Reviews are performed by employees under the direction of Morrie W. Reiff, or by Morrie W. Reiff himself.

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

Planned Asset Management does not receive any economic benefit from non-clients for providing investment advice or advisory services to clients. We do not compensate any non-supervised person for client referrals.

## **Item 15 - Custody**

Planned Asset Management does not assume or maintain custody of client funds or securities. Custody for managed accounts occurs through a qualified custodian. Client will receive statements



directly from the qualified custodian. Planned Asset Management recommends that clients should review the statements received from the custodian when they are received. Planned Asset Management also provides client with a quarterly report. Client is encouraged to compare the accounts statements received from the qualified custodian with the reports provided by Planned Asset Management.

### **Item 16 - Investment Discretion**

Planned Asset Management has discretion over client accounts. Discretion provides Planned Asset Management with the authority to determine the type and amount of securities that can be bought or sold for client's account, consistent with the client's overall objective or strategy, without obtaining consent prior to each transaction. Planned Asset Management will not have access to client funds or securities with the exception of having management fees deducted from client's account and paid to Planned Asset Management by the custodian. The investment management agreement contains the authorization for discretion and fee deduction, as do the account applications. Clients may limit discretion by request, to require approval for any changes/transactions.

### **Item 17 - Voting Client Securities**

Planned Asset Management does not vote client securities. Proxy information is sent directly to the client by the custodian or a third-party vendor hired by the custodian. Clients may call Planned Asset Management for additional information or to ask questions.

### **Item 18 - Financial Information**

Planned Asset Management does not solicit pre-payment of more than \$1,200 in fees per client, six months or more in advance. We do maintain discretion over client accounts. Since our primary contractual commitment to a client is service, it is unlikely that any financial condition would limit our ability to meet these obligations.

### **Item 19 – Executive Officers and Management**

Below is a description and background of executive officers and management persons.

#### **Morrie W. Reiff, CFP®**

Born in 1950

CEO and Principal of Planned Asset Management

Mr. Reiff received an Associates of Arts degree in Accounting in 1971, and graduated with a Bachelor of Science degree in Accounting from San Diego State University in 1973. He completed the College of Financial Planning Certified Financial Planner Program and U.S.C. (LA) Financial Planning Program in 1985.

The CFP® mark is an acronym for Certified Financial Planner, and is a designation granted in the United States by the Certified Financial Planner Board of Standards, Inc. (CFP Board). To attain the rights to use the CFP® marks, an individual must fulfill specific requirements for education, examination, experience and ethics. Education includes a Bachelor's Degree from a regionally accredited United States college of university (or equivalent from a foreign university), and a course of study addressing financial planning subject areas determined by the CFP Board. These subjects include insurance planning, risk management, employee benefits planning, investment planning,

income tax planning, retirement planning, and estate planning. The CFP requires annual continuing education and ethics requirements to maintain use of the mark.

His background over the last five years has included: Asset Management and advanced financial and estate tax planning through the operation and ownership of Planned Asset Management. He is currently a registered representative and Branch Manager for the broker dealer, Independent Financial Group, LLC. He is also owner of a firm using the DBA, "BR & Co." in service to implement advanced estate planning, long-term care, disability, and medical coverage for both individuals and businesses.

Mr. Reiff maintains indirect ownership of a related Registered Investment Advisor, Quantitative Strategies, Inc., (QSI) through Planned Asset Management, LLC, and direct ownership in AFA Financial Group, LLC (A broker dealer that has withdrawn from business with FINRA), and Accountants Financial Alliance Insurance Services, Inc., a California Licensed Insurance Agency.

Mr. Reiff's time is allocated as needed for administration related to the various entities with PAM, AFA, BR & Co. and QSI, and will vary from period to period. Time is allocated as needed in his capacity as a registered representative and branch manager for Independent Financial Group, LLC.

Mr. Reiff maintains the Series 7, 24, and 63 FINRA licenses, and is licensed for Life and Variable insurance contracts through California and other states.

As disclosed in Item 9, due to his status as a control person, President and 50% shareholder of a former broker-dealer, AFA Financial Group, LLC, Mr. Morrie Reiff was named as a responding party in 11 FINRA Arbitration claims. Eight of these claims were dismissed and the remaining three are expected to be resolved during 2013. AFA withdrew its membership from FINRA on April 30, 2010. The claims did/do not accuse Mr. Reiff of being involved in any sales-related wrongdoing, but included him as a responding party solely due to his ownership role.

One other claim filed 01/13/2010 entitled "Hajek & Park v. AFA Financial Group, LLC" making a \$571,000 claim against the former broker-dealer was settled in October, 2011 by the broker-dealer for \$12,500, and considered a "nuisance settlement". However, Mr. Reiff was not a respondent or party to this claim but due to a clerical error, the arbitration was included in his Form U4 disclosure and hence, viewable on Mr. Reiff's public disclosure report at FINRA's BrokerCheck.

Details of these claims can be found on Mr. Reiff's public disclosure report at SEC's Investment Adviser public disclosure site: [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

### **Paul S. Okawa, CFA**

Born in 1968

Vice President and Chief Compliance Officer

Mr. Okawa assists in the management of client assets and operations of Planned Asset Management, as well as PAM's subsidiary advisor, Quantitative Strategies, Inc., and is the primary asset manager for Quantitative Strategies, Inc.

His education after High School includes: California State University Northridge, Bachelor of Science in Business, Finance

His background over the last five years has included: Preparation of quarterly reports for managed

accounts, and the preparation of tax summaries for Pension administration and individuals. Duties also included helping in the preparation and implementation of portfolio proposals, and the documentation and confirmation of trades.

Approximately 20% of Mr. Okawa's time is spent assisting in the management and operation of Quantitative Strategies, Inc. (QSI), a related Registered Investment Advisor.

Mr. Okawa obtained a Chartered Financial Analyst designation in September, 2000. Mr. Okawa also maintains the Series 7, 24 and 63 FINRA licenses.

Mr. Okawa has no disciplinary information, and is supervised by Mr. Morrie Reiff, PAM's President.

### **Lawrence Schechter**

Born in 1950

Financial Advisor

Education includes: Masters degree from St. Johns University, New York; Bachelor of Arts in Psychology from Queens College of the City, University of New York.

His background over the last five years has included: Working with families and individuals to help create wealth, maintain wealth and reduce taxes. Utilizing a client centered solutions oriented approach to financial services as a means to understanding client goals and objectives is the focus of his practice. This approach enables him to help his clients achieve an investment portfolio that they can live with.

Using a team approach Mr. Schechter offers services in investment and retirement planning and needs analysis, portfolio development and management, Estate Planning and a full range of insurance products where needed for client risk management and estate planning. He is a registered representative with Independent Financial Group, LLC.

Mr. Schechter is licensed in California and other states for both Life and Variable insurance contracts. He holds both the Series 7 and Series 66 FINRA licenses.

Mr. Schechter has no disciplinary information, and is supervised by Mr. Morrie Reiff.