

**CORNERSTONE INVESTMENT ADVISORS, LLC**  
**1728 16<sup>TH</sup> Street, Suite 201**  
**Boulder, CO 80302**

**Firm Brochure**

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Cornerstone Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at: (303) 545-5400, or by email at: [info@cstoneinvest.com](mailto:info@cstoneinvest.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 Cornerstone Investment Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

December 31, 2014



## **Summary of Material Changes**

### **Annual Update**

This section of the brochure will be updated annually when material changes have occurred since the previous release of the Firm Brochure.

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

There have been no material changes to our business since our last filing as of December 31, 2013.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please call us at: (303) 545-5400 or email us at: [info@cstoneinvest.com](mailto:info@cstoneinvest.com).

## TABLE OF CONTENTS

Summary of Material Changes.....	i
ADVISORY BUSINESS .....	1
FEES AND COMPENSATION.....	2
PERFORMANCE-BASED-FEES.....	4
TYPES OF CLIENTS .....	4
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	4
DISCIPLINARY INFORMATION .....	5
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	5
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING ....	5
BROKERAGE PRACTICES .....	6
REVIEW OF ACCOUNTS .....	7
CLIENT REFERRALS AND OTHER COMPENSATION .....	8
CUSTODY .....	8
INVESTMENT DISCRETION .....	8
VOTING CLIENT SECURITIES .....	9
FINANCIAL INFORMATION .....	9
Brochure Supplement (Part 2B of Form ADV) .....	10

## ADVISORY BUSINESS

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### Firm Description

Cornerstone Investment Advisors, LLC (Cornerstone) is an independent financial services firm that provides comprehensive financial planning and investment advisory services. Cornerstone has been in business for 14 years.

The firm's compensation is solely from fees paid directly by clients. The firm does not receive commission based on the client's purchase of any financial product, including insurance. No commissions in any form are accepted.

Assets under the direct management of Cornerstone are held by independent custodians, including Charles Schwab, Fidelity Investments, Pershing, Pensco Trust, National Advisors Trust Co. and others, in the client's name. Cornerstone Investment Advisors, LLC does not act as a custodian of client assets.

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### Principal Owners

David Darmour is the majority owner of Cornerstone. Other owners are Dennis E. Channer, Jane W. Engel and Russ C. Rauhauser and Thomas T. Yanari.

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### Types of Advisory Services

Cornerstone provides services to individuals, families and their related entities, trusts and estates, banks or thrift institutions, pension and profit sharing plans, charitable organizations and small businesses.

#### **Comprehensive Financial Planning:**

When performing financial planning services we work with clients to define financial objectives and develop strategies for reaching those objectives. These strategies may be implemented over a period of time. Strategies may include wealth accumulation, investment planning, retirement planning, college funding planning, risk management analysis, income tax and estate planning implications, cash flow and debt management and company benefit plan optimization; especially stock options and 401k/profit sharing plans.

#### **Investment Advisory Services:**

Cornerstone provides both investment supervisory services and investment management services. In the case of asset supervision, Cornerstone selects and monitors other money managers. Asset management entails the direct selection and management of accounts by the principals of the firm.

Investment advisory services start with the evaluation and assessment of the client's financial position and tolerance for risk. After a review of a client's personal data, an investment strategy is developed and specific investments are recommended. The strategy is then implemented. Investment portfolios and strategies are reviewed periodically.

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### **Tailored Relationships**

At Cornerstone Investment Advisors LLC, advisory services are tailored to the individual needs of clients. Client goals and objectives are clarified in meetings and via correspondence, and are used to determine the course of action for each individual client. The goals and objectives for each client are documented in client files.

In some cases clients may impose restrictions on investing in certain securities or types of securities.

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### **Assets Under Management**

As of December 31, 2014, Cornerstone managed approximately \$148,150,000 in assets for 169 households consisting of 409 accounts. Approximately \$76,300,000 is managed on a discretionary basis and \$71,850,000 is managed on a non-discretionary basis.

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## **FEES AND COMPENSATION**

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### **Description**

The firm's compensation is solely from fees paid directly by clients. The firm does not receive commissions based on the client's purchase of any financial product, including insurance. No commissions in any form are accepted. All fees are negotiable.

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### **Comprehensive Financial Planning Fees**

Financial planning services are billed on an hourly basis, a fixed fee basis or by retainer. A financial services agreement is prepared and signed by the client prior to the start of work. Hourly rate billing is normally utilized when a client has requested a review or analysis of a specific project or situation; an example might be reviewing financing options for a business venture. Hourly rates range from \$200 to \$300 per hour. The number of hours for a financial planning engagement varies depending on the complexity of the client's situation and needs.

Comprehensive financial plans are generally offered on a fixed fees basis, which range from \$1,000 to \$10,000 depending on the complexity of the plan and the client's financial situation.

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### **Investment Supervisory/Management Fees**

Annual fees for both assets under supervision and assets under management are calculated as a percentage of assets under supervision or management. The table below details the maximum fees charged by Cornerstone for each of these services. All fees are negotiable based on the client's circumstances and requirements. The fees for outside money managers vary greatly and are in addition to our supervisory fee.

	<b>Maximum Annual Supervisory Fee</b>	<b>Maximum Annual Management Fee</b>
Up to \$1,000,000	.90%	1.5%
Next \$1,000,000	.80%	1.4%
Next \$2,000,000	.70%	1.2%
Next \$6,000,000	.60%	1.0%
Over \$10,000,000	by proposal	by proposal

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## **Fee Billing**

Hourly fees for financial planning services are billed at the completion of the engagement. Fixed fees are billed one-half in advance and one-half upon completion of the financial plan/project. Retainer fees or fixed period fees are billed according to client agreements.

Investment supervisory and management fees are computed and billed every calendar quarter in advance based on the value of the account at the end of the previous quarter. For example, the fee for the 1st quarter is calculated using the account balance as of December 31.

Advisory fees for supervisory, management or planning services will be billed to the client directly or, with the client's permission, to the custodian utilized to hold the client's securities and deducted from the client's account. Some outside money managers will only deduct fees from a client's account and will not directly bill the client. All fee arrangements are disclosed to, and authorized in writing by the client in advance.

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## **Other Fees**

If a portion of a client account is invested in mutual funds, the client should be aware that they are paying two separate and distinct advisory fees for this portion of the account. Cornerstone's advisory fee covers investment consulting and oversight (with respect to asset allocation, mutual fund selection, monitoring, etc.) while the mutual fund's management fee covers the selection and acquisition of individual securities for the mutual fund. Mutual fund fees are taken from the mutual fund's net asset value directly by the mutual fund's management and, as a result, are reflected in the fund's published returns data.

Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, bonds, and exchange-traded funds. These transaction charges are usually relatively small and are incidental to the purchase or sale of a security. In some cases, custodians also charge monthly, quarterly or annual custody fees. Fees for custody are disclosed to clients when this type of arrangement is recommended. Clients can purchase securities we recommend at custodians not affiliated with us.

Please see "Brokerage Practices" on page 6 for more information.

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## **Prepaid fees**

As mentioned above all management and supervisory fees are paid quarterly in advance. In the event that a client withdraws their account from our management or supervision, the fees will be pro-rated based on the number of days the account was under our management

and a refund will be issued to the client. The refund will either be issued as a credit to the client's brokerage account or a check will be written to the client.

A portion of a fixed fee may also be billed in advance. If the client cancels Cornerstone's services before a project is completed or presented to the client, a portion of pre-paid fees will be refunded to the client based on the hours expended.

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## **PERFORMANCE-BASED-FEES**

Performance based fees are calculated based on a share of capital gains or capital appreciation of the assets in an account. Cornerstone Investment Advisors, LLC does not charge performance based fees at this time.

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## **TYPES OF CLIENTS**

Cornerstone provides advice to individuals, families, trusts and estates, bank or thrift institutions, pension and profit sharing plans, charitable organizations and small businesses. Client relationships vary in scope and length of service. Cornerstone does not impose a minimum dollar value of assets or other condition for opening or maintaining an account.

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## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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### **Methods of Analysis**

We utilize various methods for analyzing securities. They include fundamental analysis, technical analysis, charting and cyclical analysis. Numerous sources of information are employed by Cornerstone including Morningstar Principia, Value Line, Standard & Poor's and various internet web-sites. The principals of Cornerstone also attend meetings with fund and portfolio managers, conference calls, continuing education seminars and industry conferences.

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### **Investment Strategies**

The investment strategy for a specific client is based upon the objectives, income needs, and tax situation stated by the client during consultations. The client may change these objectives at any time. Each client portfolio is constructed solely for that client.

The primary investment strategy we use is strategic asset allocation based on Modern Portfolio Theory. It consists of allocating portions of a client's portfolio to various asset classes in order to develop an optimal portfolio to meet a client's financial objectives. An optimal portfolio is the asset allocation which, given the client constraints, is intended to meet specified objectives with the minimum risk or volatility.

Portfolios are generally globally diversified to minimize the risk or volatility associated with traditional markets. We may recommend unrelated, third party investment managers who

have a greater expertise in certain disciplines when appropriate for the client. The types of investments we utilize include actively and passively managed mutual funds, exchange traded funds, stocks (US and foreign), various types of bonds and certificates of deposit, US government securities, structured notes, futures, options and private investment partnerships.

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## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Using a strategic asset allocation strategy mitigates those risks. However, as with all investments, clients face investment risks including the following: Loss of Principal Risk, Interest-rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk.

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## **DISCIPLINARY INFORMATION**

The members of Cornerstone have not been involved in any legal or disciplinary events related to past or present activities.

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## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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### **Activities**

Cornerstone does not participate in any other financial industry business activities.

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### **Affiliations**

Cornerstone does not have any affiliations that would result in a conflict of interest.

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## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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### **Code of Ethics**

Cornerstone has a Code of Ethics which is outlined in our company compliance manual. All owners and employees are expected not only to comply with the code, but also to live up to the broader spirit of the code. The general principles of the code include integrity, objectivity, competence and fairness in work that is performed on behalf of Cornerstone. All client information is to be kept strictly confidential. All owners and employees are expected to act professionally and exercise diligence in their work. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.



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## **Participation or Interest in Client Transactions**

On occasion, Cornerstone, or its owners/employees, may trade securities in their own accounts that Cornerstone recommends to clients for their accounts. There is no conflict of interest with this activity as the securities in question are widely held and publicly traded, with trading volumes of owners/employees too small to affect the market. Additionally, Cornerstone and its owners/employees always place client interests above their own.

The Chief Compliance Officer of Cornerstone is Jane W. Engel. She reviews all employee trades each quarter. Her personal trades are reviewed by another principal. The personal trading reviews ensure that the personal trading of employees is not based on inside information and that the best interests of clients of the firm are prioritized.

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## **BROKERAGE PRACTICES**

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### **Selecting Brokerage Firms**

Cornerstone may recommend that clients establish brokerage accounts with certain institutional brokerage companies ("custodian/s") in order to maintain custody of clients' assets and to effect trades for their accounts. Although Cornerstone may recommend a specific custodian, it is the client's decision to establish an account at a particular custodian. However, there may be additional costs to the client depending on their selection of a custodian. Cornerstone is independently owned and operated and not affiliated with any of the recommended custodians.

For all managed investment accounts, the client is free to select any broker or custodian the client wishes. If the client requests a broker or custodian recommendation, the client will receive a recommendation based on the broker/custodian's costs, skills, reputation, dependability and compatibility with the client, and never upon a financial arrangement between Cornerstone, or its owners/employees, and the recommended broker or custodian.

Some outside money managers that we work with do have limited custodian options and may request that a client establish a brokerage account with a certain brokerage company. Cornerstone does not receive any benefits from the selected custodian.

The recommended custodians provide Cornerstone with access to their institutional trading and custody services, which are typically not available to retail brokerage customers. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them if they maintain a certain level of client assets with their brokerage institution. Cornerstone recommends custodians based upon factors relevant to the client's best interests and never on the total amount of assets placed with the custodian. Custodian services include the execution of securities transactions, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

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## **Soft Dollars**

Custodians generally do not charge separately for custodial services but may be compensated by account holders through commissions and other transaction-related or asset-based fees for certain transactions that are executed through them or that settle into client accounts held there.

Custodians may also make available to Cornerstone other products and services that benefit Cornerstone but may not directly benefit its clients' accounts. These products and services include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Cornerstone's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Custodians may also offer other services intended to help Cornerstone manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting (ii) publications and conferences on practice management and business succession, (iii) access to employee benefits providers, human capital consultants and insurance providers. They may make available, arrange and/or pay third-party vendors for the types of services rendered to Cornerstone. The custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Cornerstone. They may also provide other benefits such as educational events or occasional business entertainment of Cornerstone personnel. In evaluating whether to recommend or require that clients custody their assets at a particular custodian, Cornerstone may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided, which may create a potential conflict of interest.

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## **REVIEW OF ACCOUNTS**

Transactions and balances are reviewed at least monthly for all managed and supervised accounts. Investment policy and strategy are reviewed quarterly or more often if necessary. All accounts are reviewed by the primary investment advisor assigned to the account including Dennis E. Channer, David Darmour, Jane W. Engel and Russ C. Rauhauser. They review the consistency of the asset allocation with the investment policy statement and suitability of individual securities.

The frequency of review meetings with clients is individually negotiated with each client and may be quarterly, semi-annually, annually or on another frequency established by the client.

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## **Review Triggers**

Account reviews for Cornerstone clients are performed more frequently when market conditions dictate, or when a client's objectives change. A review may be triggered by client request, changes in market condition, new information about an investment, changes in tax laws, or other important changes.

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## **Regular Reports**

All clients receive account statements from their asset custodian based on that custodian's reporting schedule (usually monthly). Clients will also receive a periodic portfolio performance report from Cornerstone if one is requested as stated in the client services agreement.

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## **CLIENT REFERRALS AND OTHER COMPENSATION**

Cornerstone has received client referrals from current clients, estate planning attorneys, accountants, personal friends and other sources. Cornerstone may pay individuals or organizations for client referrals. Such relationships and fee structures are fully disclosed to clients and are made in accordance the Investment Advisers Act of 1940.

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## **CUSTODY**

All assets are held at qualified custodians, who provide account statements directly to clients at their address of record at least quarterly. Occasionally, qualified clients may invest in investment partnerships which are not held at qualified custodians. In these cases, statements are generally provided directly by the investment partnership at least annually. Clients are encouraged to carefully review the statements provided by their custodians. Cornerstone does not provide account statements directly to clients.

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## **INVESTMENT DISCRETION**

Cornerstone accepts discretionary authority to manage accounts on behalf of clients. This authority allows Cornerstone to determine, without obtaining specific prior client consent, the type and amount of securities to be bought or sold. However, if discretionary authority or a limited power of attorney has not been given, Cornerstone consults with the client prior to each trade.

When Cornerstone manages client accounts on a discretionary basis, it limits the discretionary authority by prohibiting its owners/employees from withdrawing funds and/or securities from client accounts without prior client approval. The one exception to this is advisory fees that the client has agreed to have directly deducted from their account by Cornerstone. In addition, discretionary trading in the accounts is limited to general securities, exchange traded funds, mutual funds, government securities and exchange-listed options.

Outside money managers have full discretion over trades and do not consult with Cornerstone or with clients before placing trades.

Discretionary authority is specifically granted by wording in our contracts with clients and in the custodian account applications.

## **VOTING CLIENT SECURITIES**

Unless the client designates otherwise, Cornerstone votes proxies for securities held in discretionary client accounts. Cornerstone has adopted proxy voting policies and procedures for guidance in voting these proxies (see below). Proxies are voted according to what, in Cornerstone's judgment, is in the best long-term interest of the client and may or may not be in agreement with the security issuer's Board of Directors' recommendations (particularly in regard to issues of Board and executive compensation and issues of corporate governance like the classified election of directors and adoption of "poison pill" provisions). Information on how securities have been voted by Cornerstone on any historical measure is available to clients upon request.

In accordance with SEC Rule 206(4)-6, Cornerstone has established the following policies and procedures:

1. Identify potential conflicts of interest: This could include business or personal relationships with individuals employed by the company or proponents or participants in the proxy proposal, providing services to the company or fund, having a financial interest in the outcome.
2. Resolve any conflicts of interest: When a conflict is identified it must be disclosed to the client and the client's consent to vote the proxy must be obtained prior to voting.
3. Vote the proxy: Complete the voting via the internet in a timely manner.
4. Retain Records: Elections made for each proxy issue will be noted on the paper proxy statement received and then maintained in a historical voting file.

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## **FINANCIAL INFORMATION**

Cornerstone is financially sound and is able to meet all contractual commitments to clients.

**Cornerstone Investment Advisors, LLC**  
**1728 16<sup>th</sup> Street, Ste. 201**  
**Boulder, CO 80302**  
**303-545-5400**

**Brochure Supplement (Part 2B of Form ADV)**

**Supervised Persons**

Dennis E. Channer, David Darmour, Jane W. Engel and Russ C. Rauhauser

**As of December 31, 2014**

This brochure supplement provides information about Dennis E. Channer, David Darmour, Jane W. Engel and Russ C. Rauhauser that supplements the Cornerstone brochure. You should have received a copy of that brochure. Please contact us, if you did not receive Cornerstone's brochure or if you have any questions about the contents of this supplement. Additional information about Dennis E. Channer, David Darmour, Jane W. Engel and Russ C. Rauhauser is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Dennis E. Channer CPA, CFP®, AEP®**

Year of Birth: 1950

Education: BS in Accounting, Metropolitan State College of Denver (1973)

Business Experience:

Dennis has more than 36 years of financial planning and management experience. He worked as Director of Financial Planning for the Acacia Group (Denver, CO from 1986 to 1992), the Managing Principal of Channer & Company (Boulder, CO from 1992 to 1996), a co-founder, Managing Director and Chairman of the Board for Investors Independent Trust Company (Boulder, CO from 1996 to 1999) and a Senior Consultant and Vice President for Portfolio Management Consultants, Inc. (Denver, CO from 1999 to 2000). In 2001 he founded his own investment advisory firm and in 2006 joined with Russ Rauhauser in forming Channer/Rauhauser, LLC which subsequently merged with Cornerstone in January 2010. Member, Cornerstone Investment Advisors, LLC from 9/2001 to present.

Disciplinary Information: None

Other Business Activities: Dennis is part of the ownership group of TFA Holdings, LLC, a Colorado company that facilitates structuring and implementation of customized trustee relationships for trust grantors and/or beneficiaries.

Additional Compensation: None

Supervision: Dennis Channer's compliance related activities are supervised by Jane W. Engel, Chief Compliance Officer.

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**David Darmour, CFA®, CFP®**

Year of Birth: 1964

Education: MBA in Finance, University of Colorado (1993)  
BA in Economics, Carleton College (1987)

Business Experience:

David has been an investment advisor representative and financial planner since 1993. His investment experience includes working as a Financial Counselor for Asset Management Group, Inc. (Englewood, CO and Chicago, IL from 1993 to 1997), and a Senior Manager for Price Waterhouse, LLP (Dallas, TX in 1997) and Ernst & Young, LLP (Dallas, TX from 1997 to 2000). From March 2000 through December 2009 he owned and operated Peregrine Investment Management & Wealth Advisors, LLC. David is a CERTIFIED FINANCIAL PLANNER™ practitioner (1999) and a Chartered Financial Analyst® charter holder (2003). He has been a member of Cornerstone Investment Advisors, LLC from 9/2001 to present.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Dave Darmour's compliance related activities are supervised by Jane W. Engel, Chief Compliance Officer.

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**Jane W. Engel, CPA, CFP®**

Year of Birth: 1953

Education: BS in Accounting, DePaul University (1981)  
Certificate in Personal Financial Planning (1999)

Business Experience:

Jane has more than 30 years of financial and investment management experience. She began her career in public accounting working with the public accounting firm of Oppenheim, Appel, Dixon (Chicago, IL from 1981 to 1984) and then with the audit department of Price Waterhouse, LLP (Tucson, AZ from 1984 to 1987). Jane then served in various financial roles for Tucson Newspapers (Tucson, AZ from 1987 to 1997) including that of CFO (from 1990 to 1997). In 2000 she established and served as the principal of JBSE WealthCare LLC, a financial planning and registered investment advisory firm, and an affiliate of Jensen Burcham Stelmack Edwards LLP, a CPA firm in Longmont, CO where she also worked in the tax department from 1998 to 2003. In 2004 she joined Channer.Darmour.Yanari, LLC as a financial advisor (2004 – 2009). In 2010 Channer.Darmour.Yanari, LLC merged with Cornerstone Investment Advisors, LLC. She has been affiliated with Cornerstone Investment Advisors, LLC since 2004 and has been a member since 2010.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Jane Engel's compliance related activities are supervised by David Darmour, member.

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**Russ C. Rauhauser, CFP®**

Year of Birth: 1945

Education: BS and MS in Electrical Engineering, Wayne State University, Detroit (1971)  
MS in Computer Science, University of Colorado (1979)  
Certificate in Personal Financial Planning (2006)

Business Experience:

Russ has been an investment advisor representative and financial planner since 2005. He began his career in finance as a Financial Planning Consultant to an independent money manager in Boulder after enjoying a long and successful career in the high-tech industry. During his 18 years at Bell Telephone Laboratories and Lucent Technologies, Russ held numerous research and internal consulting positions, was a frequent speaker at national conferences, and received the Lucent

Technologies "Vice President's Award for Excellence." In 2006 he joined with Dennis Channer in forming Channer/Rauhauser, LLC, an independent investment advisory firm, which subsequently merged with Cornerstone in 2010. He has been a member of Cornerstone Investment Advisors, LLC since 2006.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Russ Rauhauser's compliance related activities are supervised by Jane W. Engel, Chief Compliance Officer.

## Professional Certifications

Employees and shareholders of Cornerstone have earned the following certifications and credentials. It is required that these credentials be explained in further detail.

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### **CERTIFIED FINANCIAL PLANNER™**

CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP® are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board"). A Certified Financial Planner™ certificant is a professional who is committed to competent and ethical behavior when providing financial planning advice. To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university).
- Examination – Pass the CFP® Certification Examination. The examination, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances.
- Experience – Complete at least three years of full-time financial planning-related experience.
- Ethics – Agree to be bound by CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.
- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct.

To learn more about the CFP designation, visit [www.cfp.net](http://www.cfp.net).



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## **CERTIFIED PUBLIC ACCOUNTANT (CPA)**

Certified Public Accountant (CPA) is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional education and experience requirements as determined by the state of residency. The primary functions CPA's fulfill relate to assurance services, or public accounting. In assurance services, also known as financial audit services, CPAs attest to the reasonableness of disclosures, the freedom from material misstatement, and the adherence to the applicable generally accepted accounting principles (GAAP) in financial statements. CPAs can also be employed by corporations—termed "the private sector"—in finance functions such as Chief Financial Officer (CFO) or finance manager, or as CEOs subject to their full business knowledge and practice. CPAs can operate in virtually any area of finance including income tax preparation and planning, financial accounting, financial analysis, forensic accounting, financial planning, management consulting and corporate governance. A CPA must satisfy the following requirements:

- Education – The necessary education credentials required to sit for the Uniform CPA Exam is determined by individual State Boards of Accountancy. Typically the requirement is a U.S. Bachelors degree including a minimum number of qualifying credit hours in accounting and business administration.
- Examination – Candidates must pass the Uniform Certified Public Accountant Examination. The exam tests general principles of auditing, financial statement preparation and presentation, business law and federal tax laws. Although the CPA exam is uniform, licensing and certification requirements are set by each state's laws and therefore vary from state to state.
- Experience – Experience requirements vary by state, but generally several years of experience in public accounting is required for certification as a CPA.
- Ethics – Ethics requirements vary by state, but most states now require applicants for CPA status to complete a special examination on ethics.
- Continuing Education – Continuing education varies by state, but generally most states require 40 hours of continuing education hours every year, including some hours on the Code of Ethics.

To learn more about the CPA designation visit [www.cpa.org](http://www.cpa.org).

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## **CHARTERED FINANCIAL ANALYST (CFA)**

The Chartered Financial Analyst (CFA) designation is an international professional certification offered by the CFA Institute to financial analysts who complete the necessary requirements. The CFA is a qualification for finance and investment professionals, particularly in the fields of investment management and financial analysis of stocks, bonds and their derivative assets. The program focuses on portfolio management and financial analysis, and provides a general knowledge of other areas of finance. A CFA must satisfy the following requirements:

- Education – Candidates must possess a bachelor's degree from an accredited institution.

- Examination – Candidates must pass three separate six-hour exams based on three levels of study. The three levels of the CFA Program test proficiency on a wide range of fundamental and advanced investment topics including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.
- Experience – Complete at least 48 months of qualified, professional investment work experience.
- Ethics – CFA charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.
- Continuing Education – Continuing education varies by state, but generally most states require 40 hours of continuing education hours every year, including some hours on the Code of Ethics.

To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org)

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## **ACCREDITED ESTATE PLANNER® (AEP®)**

The Accredited Estate Planner® (AEP®) designation is a graduate level specialization in estate planning. It is awarded by the National Association of Estate Planners and Councils (NAEPC) to recognize estate planning professionals who meet certain requirements of experience, knowledge, education, professional reputation, and character. An AEP® must satisfy the following requirements:

- Education – Must successfully complete two graduate level courses from specified colleges or universities or elect to sit for 2 challenge exams.
- Experience – Must be presently engaged in “estate planning activities” as an attorney, an accountant, an insurance professional, financial planner, or a trust officer with a minimum of five years of experience in estate planning activities.
- Ethics – The applicant must sign a declaration statement to continuously abide by the NAEPC Code of Ethics.
- Credentials – To be eligible for the AEP® designation, the applicant must be licensed to practice law as an Attorney (JD) or practice as a Certified Public Accountant (CPA), or be currently designated as a Chartered Life Underwriter® (CLU®), or Certified Trust & Financial Advisor (CFTA), in any jurisdiction of the United States of America.
- Continuing Education – Must satisfy a minimum of 30 hours of continuing education during the previous two calendar years, of which at least 15 hours must have been in estate planning.

To learn more about the AEP® designation visit [www.naepc.org](http://www.naepc.org).