

<b>Firm Information - ADV Part II Replacement Brochure</b>
Applicant: Retirement Planning Specialists, Inc. SEC File Number: 801-66205
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*This brochure serves as a replacement to Part II of Form ADV Uniform Application for Investment Adviser Registration, which gives information about an investment adviser and its business for the use of clients and prospective clients. This information has not been approved or verified by any governmental authority. Registration of an investment adviser does not imply that the adviser possesses a certain level of skill or training.*

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### **1. Advisory Services and Fees**

Retirement Planning Specialists, Inc. ("the Firm") is a registered investment adviser that provides financial planning and investment counseling services to individuals, corporations, small businesses, 401(k), pensions and profit sharing plans, estates and trusts. The firm provides comprehensive financial planning to clients. This includes the five areas of financial planning, which are Protection, Estate Planning, Income Tax Planning, Retirement Income Planning and Investment Planning. The Firm does not have investment discretionary authority on any accounts. In other words, we never

place any trades, including sells, purchases or exchanges without getting the permission of the client first.

For most clients, the Firm's compensation derives from investment advisory fees on assets that are managed by the firm, on behalf of the client. Clients pay the Firm a management fee (investment advisory fee) calculated as a percentage of the market value of an account. (The Firm's compensation does not include various fees charged to clients by Pershing LLC, a clearing firm with which the Firm has a financial affiliation discussed below in Section 8.) The firm also has the ability to establish commission based accounts with Pershing. The commissions are calculated using a standard schedule that takes into account the number of shares transacted, the price of each share, and other factors.

The Firm believes total investment costs paid by its clients are highly competitive, generally averaging 1.00% of invested assets per year for accounts. The investment advisory fee is charged in advance at  $\frac{1}{4}$  of 1.00%, or a quarter of a percent per quarter.

The firm seeks to provide complete transparency with regard to fees and expenses. Clients receive a confirmation of each transaction clearly disclosing any fees, and monthly statements detailing all activity and charges. Each quarter, the client also receives a Performance Review from our broker dealer, SagePoint Financial, Inc. This document includes the specific accounting for the investment advisory fee.

Clients may at any time add funds or securities to their accounts, withdraw funds or securities from their accounts, or close their accounts. There are no lock-up provisions. Any fees paid in advance are refunded pro-rata.

## **2. Types of Clients**

Most of the Firm's clients are either about to retire or are already retired individuals. We have many clients who have been with the firm for 20 to 25 years. Any client who has a financial, tax or investment problem, or who wishes to plan prudently for their financial future is going to benefit the most from our services.

## **3. Types of Investments**

The typical investments recommended are mutual funds. We also have clients who own common stocks issued by domestic and foreign companies, U.S. Government securities, bonds issued by domestic companies, and preferred stocks issued by domestic companies. We also have clients who hold or have held, municipal securities, commercial paper, warrants, options, bonds issued by foreign companies, domestic and foreign mutual funds and ETF's. We also recommend variable annuity investments for the lifetime living benefit guarantees and the guaranteed minimum death benefits. These types of investments are issued by life insurance companies.

#### **4. Methods of Analysis, Sources of Information, and Investment Strategies**

We do not use technical analysis or charting. We do use a fundamental approach, such as economic conditions, earnings, industry outlook, politics (as it relates to investments) historical data, price-earnings ratios, dividends, interest rates, company management and tax benefits. We do not pick individual stocks. We do not pick individual bonds, we pick stock pickers and bond pickers. We are not the fund manager, we are the manager of the fund managers. The main independent companies that we utilize in order to research investment are Morningstar, Inc. and Valueline, Inc. We attempt to select client's investments to harmonize with their financial objectives.

The Firm continually adapts its investment recommendations to market conditions and individual client needs. Decades of experience have shown that no one approach works at all times for all clients. Generally, the Firm holds securities in taxable client accounts for over one year, but, when appropriate, will sell within a year to capture a large gain or harvest a tax loss. We do not typically recommend margin transactions for clients except in special circumstances and at a client's specific request. It occasionally executes option transactions at the request of clients, but does not employ options or other derivatives in accounts we manage.

#### **5. Education Standards**

The Firm's strongly encourages the financial advisors within the firm to pursue the Certified Financial Planning (CFP®) designation awarded by the Certified Financial Planner Board of Standards, Inc. Chad M. Smith holds the CFP designation. The Firm also encourages investment professionals to participate in the CFP continuing education program. Christopher Patterson is currently working on obtaining the CHFC / CLU designation.

#### **6. Education and Business Background**

Chad Smith, CFP®, born 1970, is the Firm's Managing Partner. He also acts as the Chief Compliance Officer (CCO). He provides financial planning services with Retirement Planning Specialists, Inc. He graduated from Cal State University Long Beach in 1993 with a BA in Speech Communication and a minor in Business Administration. He joined Kavesh & Gau, Inc. in 1995 and moved to Ashland, Oregon in 1999 to join Tom Gau in managing Retirement Planning Specialists, Inc. Chad received his CFP designation in 2006.

Christopher Patterson, born 1965, also provides financial planning services with Retirement Planning Specialists, Inc. He is licensed with FINRA series 7 and 66 and he is also licensed in life and health. He originally received training in the financial services industry from Edward Jones Investment Services in 2006. Chris is currently working on the CHFC / CLU designation.

#### **7. Other Business Activities**

Chad Smith reviews income tax returns and we have arrangements with our some of our client's tax preparers that we will review your income tax return prior to it being filed. This is done to have a second set of eyes review the return and spot any potential errors, missing information or tax reduction strategies.

## **8. Financial Affiliations**

The Firm has arranged with Pershing, LLC to provide clearing and custodian services to the Firm's clients. Pershing, a wholly owned subsidiary of The Bank of New York Mellon's holding company and one of the largest and oldest clearing firms in the United States, holds the clients' securities and cash, issues statements and confirmations. Our broker dealer affiliation is with SagePoint Financial, Inc., a wholly owned subsidiary of American International Group (AIG) and provides compliance support and other back office services. Pershing, LLC and SagePoint Financial, Inc. are compensated for these services by a receiving a percentage of the investment advisory fee that I receive from my clients.

Pershing is also compensated by other miscellaneous fees charged directly to the Firm's clients, including fees to transfer accounts, transfer funds, deposit securities certificates, annual administration fee for retirement accounts, and other miscellaneous services. In general, these fees are very small relative to a client's total investment expenses, and are occasionally absorbed by the Firm. Pershing's compensation and other policies are described in a disclosure statement sent each year to all clients.

## **9. Participation of Interest in Client Transactions**

The Firm does not buy securities from, or sell securities to, any investment advisory client. The Firm, and its officers, employees, and family members generally hold the same securities the Firm recommends for client accounts. The Firm prohibits itself and its associated persons from benefiting from the short-term market effects of transactions for clients.

## **10. Conditions for Managing Accounts**

The Firm generally requires a minimum of \$500,000 to open an advisory account. It believes that this is the minimum amount required to successfully execute its investment strategies for an individual portfolio. However, smaller accounts may be accepted at the discretion of management. Our broker dealer guidelines require that for a fee based relationship, the minimum account size is \$100,000. We have many clients who request that we manage their children's investments. Our minimum account size is typically \$500,000 or 50% of investible assets, whichever is greater.

## **11A. Review of Accounts**

The Firm's financial advisors and compliance officer continuously monitor accounts to identify and correct any transaction or valuation errors, and to implement investment

strategies that serve each client's investment objectives. At a minimum, a review is conducted the day of and the day after any securities transaction in an account and after the end of each month. After the end of each month, the compliance officer reviews account statements and all investment professionals review investment performance, which is tracked quarterly for each advisory account. More frequent account reviews are triggered by such factors as: a) awareness of a material change in a client's circumstances or investment objectives, b) significant changes in market conditions, c) changes in the portfolio manager's assessment of a security held in an account, and d) divergence of an account's investment performance from management's expectations. The Firm manages approximately 340 households for which it provides investment supervisory services. Two investment professionals have review responsibility for these accounts.

## **11B. Reports to Clients**

The Firm arranges for its clearing firm, Pershing LLC, to furnish clients with confirmations of trades or debit/credit advice promptly after completion of any portfolio transaction for which the Firm has placed an order. The confirmations detail the principal amount, any commissions, and any SEC fees for each transaction. In addition, the Firm arranges for each client and/or client designated representative to receive monthly account statements showing the activity in each of the client's accounts and the market value of each security in the accounts. The Firm, upon request, may provide additional reports showing the industry and sector diversification of a portfolio, the cost basis of securities held, realized capital gains and losses, and other portfolio information. In addition, through meetings, telephone calls, and letters, the Firm regularly keeps clients informed of the investment policy and strategy for achieving clients' investment objectives. The nature and frequency of these reports and other communications are determined primarily by the particular needs of each client. The Firm posts its proxy policy, privacy policy, business disruption recovery plan, this information pamphlet, and other disclosures on its website at [www.retirementplanningspecialists.com](http://www.retirementplanningspecialists.com) and offers at least annually to send them clients.

## **12. Investment or Brokerage Discretion**

We do not have discretion over any of our client accounts. Our broker/dealer, SagePoint Financial has selected Pershing, LLC as the clearing firm for all of the accounts we manage. The Firm considers primarily the ability to execute a trade promptly at a competitive price. Without specific client instructions, the Firm typically does not have the power to transfer funds or securities to or from a client's account.

## **13. Additional Compensation**

Although in many cases, the Firm is fully compensated for planning services by way of commissions and fee-based asset management, the Firm may also be compensated for planning services by the client on an hourly or pre-determined fixed fee basis. The Firm

does complete financial plans as part of the 1.00% investment advisory fee, however, the Firm does have the flexibility to offer financial plans for a set fee and perform financial consulting work on an hourly basis. The charge for a financial plan typically ranges from \$1,000 - \$15,000, but may be more or less, depending on the nature and complexity of each client's circumstances.

The firm currently does not have an arrangement for receiving compensation for referring clients to other advisers, tax professionals, or estate planning attorneys.