

# **Affordable Life Plans, LLC**

## **Firm Brochure Form ADV Part 2A**

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This brochure provides information about the qualifications and business practices of Affordable Life Plans, LLC. If you have any questions about the contents of this brochure, please contact us at (972) 428-0817 or by email at: [tamerson@affordablelifeplans.com](mailto:tamerson@affordablelifeplans.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 Affordable Life Plans, LLC is also available on the SEC's website at

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Affordable Life Plans, LLC's CRD number is: 164009

## Item 2 Summary of Material Changes

On an annual basis, this item will be used to provide clients with a summary of all material changes made to the Brochure since the last annual update. It will also reference the date of the last annual update of the brochure. The Firm will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business' fiscal year-end which is December 31. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, the Firm's Brochure may be requested by contacting Tim Amerson at (972)428-0817 or [tamerson@affordablelifeplans.com](mailto:tamerson@affordablelifeplans.com)

Additional information about Affordable Life Plans, LLC is also available via the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's Web site also provides information about any persons affiliated with the Firm who are registered, or are required to be registered, as investment adviser representatives of Affordable Life Plans, LLC.

Since the Firm's last annual update dated March 21, 2014, the only material change has been that the Firm is no longer eligible for SEC registration and is in the process of becoming registered with the Texas State Securities Board. Additionally, Tim Amerson has assumed the duties of Chief Compliance Officer effective May 2015.

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## **Item 4 Advisory Business**

### **Description of the Advisory Firm**

Affordable Life Plans, LLC is a Limited Liability Company organized in the state of Texas.

This firm has been in business since April 25, 2012, and the principal owner is Affordable Holdings, LLC (99%). [Affordable Holdings, LLC is owned by James Talbert (89%).]

### **Types of Advisory Services**

#### *Financial Planning*

Financial plans and financial planning services are offered as part of a Life Plan which includes, but is not limited to: investment planning, retirement planning, cashflow planning, college planning; and debt/credit planning, as well as student loan consolidation and loan forgiveness. These services are offered on a fixed fee basis and the final fee structure is documented in Exhibit II of the Planning Agreement and discussed below under Item 5. The Firm utilizes software from Emoney Advisor, LLC, a non-related service provider, in the construction of its portfolios, design, and delivery of its financial planning services. As part of the process, the client will receive a static report that provides a description of where the client currently is and any recommended changes including investment recommendations. Included in the package is ongoing advice on the client's portfolio which will be delivered no less than quarterly if the client wishes to continue receiving the updates. There is no additional charge for the ongoing service as it is included in the package. No discount is offered if the client does not wish to receive the updates as the services are priced as a single, bundled price.

As part of its financial planning process, the Firm will provide clients an initial recommendation for investment allocation based upon the client's individual risk tolerance and objectives. Thereafter, on a quarterly basis, the Firm will send clients an updated allocation.

In offering financial planning, a conflict normally exists between the interests of the investment adviser and the interests of the client. Since the Firm does not offer advisory execution services and does not open client accounts, no conflict exists. The client is under no obligation to act upon the investment adviser's recommendation.

As part of its financial planning process, the Firm will provide clients an initial recommendation for investment allocation based upon the client's individual risk tolerance and objectives. Thereafter, on a quarterly basis, the Firm will send clients an updated allocation.

ALP generally limits its investment advice to mutual funds but may recommend other securities to help diversify a portfolio when applicable.

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

ALP offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the information provided by the client, which 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 writing from investing in certain securities or types of securities in accordance with their values or beliefs.

### **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. ALP does not participate in any wrap fee programs or offer wrap fee programs to its clients.

## **Amounts under Management**

ALP has the following assets under management:

Discretionary Amounts	Non-discretionary Amounts	Date Calculated
\$0.00	\$1,062,513.00	09/23/2015

## **Item 5 Fees and Compensation**

### **Fee Schedule**

ALP offers a special planning service that focuses on student loan consolidation and loan forgiveness as well as financial planning. Depending upon the client's financial situation, ALP also assists the client with retirement planning and provides investment recommendations as requested. The Firm offers multiple pricing options to its clients:

#### Full Life Plans

- a. \$499 Month 1, then \$39.95 ongoing starting month 2
- b. \$298.50 Month 1 and Month 2, then \$39.95 ongoing starting month 3
- c. \$199 Month 1/2/3, then ongoing \$39.95 starting month 4

ALP's fee is for a bundle of services that include ongoing financial advice including: quarterly portfolio rebalancing recommendations, updated budgeting and planning advice, filing student loan consolidation applications, filing student loan forgiveness applications, the required annual filing of the student loan paperwork. Fees will be paid in full in accordance with the above schedule at the time of the signing of the agreement and will not be prorated for the number of days in the initial month.

Clients may terminate the agreement without penalty, for full refund of ALP's fees, within five business days of entering into the agreement. Thereafter, clients may terminate the Investment Advisory Contract with written notice. If termination occurs during the first three months of the agreement ("initial planning period"), the refunded amount is dependent upon whether paperwork related to the clients' student loans has been filed with the Department of Education ("DOE"). If it has, the fees paid to date will be refunded less a \$150.00 cancellation fee to compensate the Firm for the time it has spent providing service to the clients. If the paperwork has not been filed, the fees paid up until the termination will be refunded entirely. If after the initial planning period, and the client has engaged the services of the Firm to provide financial planning and provide a recommended portfolio, the refund will be for the current month's fee with no proration.

### **Payment of Fees**

Fees for the Life Planning service are paid via check or credit card in advance, but never more than six months in advance.

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

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

### **Prepayment of Fees**

ALP collects fees in advance. Refunds for fees paid in advance will be returned within ninety days to the client via check, or return deposit into the client's account.

### **Outside Compensation for the Sale of Securities to Clients**

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

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

ALP 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**

ALP generally provides investment advice to individuals. There is no minimum account size.

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

### **Methods of Analysis and Investment Strategies**

#### *Methods of Analysis*

The Firm utilizes the basics underlying Modern Portfolio Theory (“MPT”) in constructing its portfolios. MPT suggests that you can limit the volatility in a portfolio, while improving its performance, by spreading the risk among different types of securities that do not always behave the same way. As the Firm primarily utilizes mutual funds for its portfolios, this theory usually results in a diversified portfolio of mutual funds with different investment objectives and return parameters, including but not limited to the following: large mid and small cap equity funds, long term and intermediate term bond funds, as well as money market funds. Specific allocations will vary by client as they are based upon each individual client’s risk tolerances and specific situations.

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

### **Material Risks Involved**

The use of MPT results in a diversified portfolio which attempts to find the appropriate balance between risk and reward for each client. This can result in lower returns than other portfolios which utilize higher risk profiles.

#### *Investment Strategies*

ALP provides general portfolio recommendations for mutual funds with quarterly rebalancing. MPT is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to: inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

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

### **Risks of Specific Securities Utilized**

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

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

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**

Affordable Life Plans previously had a Solicitor's Agreement in place with Broadsword Student Advantage for marketing purposes. Broadsword Student Advantage is currently a named party in an Illinois lawsuit. Affordable Life Plans is not a party to the Illinois lawsuit and has ended any and all relationships with Broadsword Student Advantage.

### **Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **Administrative Proceedings**

There are no administrative proceedings to report.

### **Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

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

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

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

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

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

Neither ALP nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

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

ALP does not utilize nor select other advisers or third party managers.

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

### **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.

### **Recommendations Involving Material Financial Interests**

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

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

From time to time, representatives of ALP may buy or sell securities for themselves that they also recommend to clients. As the Firm only recommends mutual funds, there is no value to trading ahead or after a client.

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

From time to time, representatives of ALP may buy or sell securities for themselves at or around the same time as clients. As the Firm only recommends mutual funds, there is no value to trading ahead or after a client.

## **Item 12 Brokerage Practices**

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

The Firm recommends but does not require that clients consider using TD Ameritrade ("TD") to implement its portfolio recommendations. This recommendation is based upon TD's reputation as a low cost provider of brokerage and advisory services. ALP has no agreement in place with TD to provide such recommendations and receives no benefits, either economic or otherwise, from clients selecting TD.

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

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

### **Brokerage for Client Referrals**

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

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

ALP is not involved in the client's decision to engage a custodian/broker/dealer to execute the recommended portfolio other than its recommendation to utilize TD.

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

ALP does not execute any trades including block trades for any client.

## **Item 13 Review of Accounts**

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

For those clients who provide account statements or link their retirement accounts via Emoney, the Firm performs a quarterly review of assets and delivers ongoing investment advice. The CCO does review the updated portfolio that is provided to each client quarterly.

All financial plans are reviewed upon creation and plan delivery by the CCO. There is only one level of review and that is the total review conducted to create the financial plan.

### **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).

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

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



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

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

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

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

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

## **Item 15 Custody**

The Firm does not have custody of client funds or securities.

## **Item 16 Investment Discretion**

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

## **Item 17 Voting Client Securities**

ALP 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**

### **Balance Sheet**

ALP does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

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

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

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

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

## **Item 19 Requirements for State-Registered Advisers**

### **Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

ALP currently has only one management person/executive officer involved in providing advisory services: Tim Amerson. Education and business background can be found on the Form ADV Part 2B brochure supplement for such individual.

Affordable Holdings, LLC is the majority owner of Affordable Life Plans. Affordable Holdings, LLC is owned by James Braxton Talbert (89%) and Shaun Paul Knapp (10%). The principals of Affordable Holdings, LLC will not provide investment advice. Mr. Shaun Knapp received a BBA in Business Management from Texas Tech University in 2001. Mr. James Talbert received a BBA in Finance from Southern Methodist University (SMU) in May 2011.

**Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Mr. Amerson's other business activities can be found on the Supplemental ADV Part 2B brochure.

Shaun Paul Knapp is currently President of Affordable Holdings, LLC and James Talbert is the Director of Business Development with Affordable Holdings, LLC. Mr. Knapp is the managing member of Affordable Life Plans, LLC.

**How Performance Based Fees are Calculated and Degree of Risk to Clients**

ALP 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.

**Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at ALP or ALP has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

**Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

No management persons of ALP has any material relationships with issuers of any securities.