

Item 1: Cover Page

FIRM BROCHURE
Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Investment Planning Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 240-430-3000, or by email at jay@ipa-ria.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 Investment Planning Associates, Inc. is available on the SEC's website at www.adviserinfo.sec.gov

March 18, 2018

Item 2: Material Changes

The Firm has not had any material changes since its last ADV annual update of February 14, 2017.

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Item 4: Advisory Business

IPA was founded in January 1990 for the purpose of providing financial planning and investment management services to individual clients. IPA's founder, President, and Chief Compliance Officer is Jay P. Levin. Mr. Levin has an M.B.A. in Finance and Investments from the University of Texas at Austin (1984) and a B.S. in Economics from Towson State University (1980). Mr. Levin earned his Certified Financial Planner™ certification in 1995.

Jason Dall'acqua is an associate of IPA and joined the firm in September August 2012. Mr. Dall'acqua has a B.S. in Economics from the University of Maryland, College Park. Mr. Dall'acqua earned his Certified Financial Planner™ certification in 2015.

IPA is a SEC-registered investment adviser that offers financial planning and investment management services to individual clients. As of 12/31/2017, IPA had 160 clients and assets under management of \$160,000,000. All assets are managed on a non-discretionary basis, which means that IPA gets prior approval from its clients before implementing any trades.

IPA tailors its advisory services to the individual needs of its clients. The individual needs of each client are determined by extensive discussions between the client and IPA typically over the course of several meetings. The individual needs of each client are documented in a form called "Investment Policy Guidelines" which becomes the roadmap for IPA managing the client's portfolio. Clients have the option to place restrictions on certain types of securities from being included in their portfolio.

For investment management, the minimum initial investment is \$250,000. The minimum may be waived at IPA's discretion and is evaluated on a case by case basis. For investment management services, Charles Schwab & Co. is the custodian of all client assets except in cases where the client specifically requests another custodian. IPA can manage assets held outside of Charles Schwab & Co. through a company called "Aqumulate." Aqumulate provides IPA with a daily electronic download of client activity in "held away" accounts. IPA pays Aqumulate a monthly fee for its service. IPA selected Aqumulate based on its service delivery and cost when compared to competitors in the account aggregation industry. IPA does not receive any financial or non-financial remuneration from Aqumulate.

IPA's primary investment vehicle is no-load (no commission) mutual funds available on the Charles Schwab & Co. mutual fund marketplace. Individual stocks and bonds are available upon client request. IPA also manages client accounts in the Schwab Variable Annuity and recommends appropriate subaccounts (mutual funds) from among those offered. IPA does not recommend purchases of the Schwab annuity and only manages annuity assets that have been transferred into Schwab from another annuity company via a 1035 tax free exchange.

IPA's financial planning services include, but are not limited to, retirement capital analysis, college funding analysis, mortgage analysis, cash flow analysis, lease vs. purchase analysis, etc. For detailed financial planning advice that is outside of IPA's expertise, such as tax, estate and insurance planning, IPA makes referrals to other professionals upon client request. IPA is not directly or monetarily compensated for these referrals but may receive referrals from the respective allied professional.

Item 5: Fees and Compensation

IPA is a fee only financial planning and investment management firm. IPA does not accept commissions on the sale of financial products. IPA's compensation is based on a percentage of client assets under management. Management fees are billed quarterly (25% of the annual fee) based on the current annual fee schedule as follows:

1% on the first \$1,000,000, plus
0.75% on assets between \$1,000,001 and \$2,000,000, plus
0.50% on assets over \$2,000,000

IPA's management fee is billed quarterly in advance based on the aggregate account balance at the end of the calendar quarter. Deposits and withdrawals made in the accounts subsequent to the last billing are assessed fees on a pro rata basis and billed in arrears in the following quarterly billing. For clients who engage IPA during the quarter, fees for the portion of the quarter during which they were clients are billed in arrears on a pro rata basis. For clients who terminate with IPA during a quarter, any unearned management fees are remitted to the client at the time of the next quarterly billing. Fees are generally deducted from client accounts. Direct billing is available upon request. Fees are negotiable on a case by case basis.

IPA's clients may pay transaction costs on the purchase and sale of securities, which are primarily mutual funds. There are two types of mutual funds available on the Charles Schwab & Co. mutual fund marketplace, those that charge a transaction fee and those that do not, called "no transaction fee" or "NTF" funds. On trades involving transaction fee mutual funds, the current transaction fee is \$30, regardless of the size or value of the trade. On trades involving no transaction fee funds, there is no direct fee paid by the client. In these cases, the mutual fund company whose shares are being bought or sold, remits a portion of its management fee to Schwab. It is IPA's understanding that this remitted fee is generally in the range of .25%-.35% of the value of the trade and that the mutual fund company does not increase its management fee to accommodate the fee that they remit to Schwab.

As a shareholder of a mutual fund, clients will also bear a proportionate share of the fund's operating expenses including the investment management fees that are paid to the fund's advisors. IPA has no financial interest in such payments or operating expenses. Client investment returns are reduced by the payment of these expenses. IPA seeks to

identify mutual funds with relatively low operating expenses in an attempt to give its clients a performance edge compared to similar investments.

Generally, IPA clients do not incur custodial fees at Schwab. The only exception is when a client owns a specialized investment like a limited partnership. The annual custodial fee on specialized investments is currently \$250 per investment.

Item 6: Performance-Based Fees and Side-by-Side Management

IPA does not charge performance-based fees.

Item 7: Types of Clients

IPA provides its services to individual clients. IPA manages both taxable and non-taxable (retirement accounts and Schwab variable annuity) for its clients. There is no age, income or net worth requirement to become a client of IPA. The only requirement may be the amount of assets under management, which generally must be at least \$250,000. This minimum may be waived on a case by case basis at the discretion of IPA's President, Jay P. Levin.

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

The foundation of IPA's investment strategy is broad diversification based on client-specific Investment Policy Guidelines. For each client, IPA develops a set of Investment Policy Guidelines using a risk rating scale, and other information provided in consult with the client that reflect the client's investment history, investment objectives and tolerance for risk. The client acknowledges acceptance of the Guidelines developed by IPA. IPA relies upon the following investment principles for investment management:

- 1) Strategic asset allocation (vs. tactical or dynamic asset allocation), which is a fixed asset allocation among cash, bonds and stocks, based on the client's investment history, investment objective (income, growth, etc.) and tolerance for risk. Strategic asset allocation recognizes the inherent volatility of the financial markets and the difficulty of accurately and consistently predicting short term changes and repositioning client assets to capitalize on these changes. IPA believes that successful investing (reaching the client's objectives) is determined by the amount of time invested, not the timing of investments and therefore, short term repositioning is not warranted or likely to be profitable. IPA believes that this approach to investing results in more peace of mind and better long-term results for its clients, even though they remain in the fixed allocation during periods of significant declines in the financial markets. IPA recognizes that client's emotions are affected by short-term movements in the financial markets and believes that changes in client portfolios should be based on personal and

financial circumstances and not on the short-term direction of the financial markets.

- 2) Broad diversification appropriate for the respective client. Diversification is a process of spreading risk by investing in many sectors of the financial markets. Diversification recognizes the inherent volatility of marketable securities and the difficulty of predicting the short-term performance of the various sectors. By diversifying broadly, IPA seeks to moderate (not eliminate) the volatility of client portfolios and realize a reasonable rate of return based on the historical performance of similarly invested assets. IPA diversifies client assets across asset classes including cash, bonds and stocks and within each asset class if the size of the portfolio is sufficient.
- 3) No-load mutual funds as the primary investment vehicle; individual stocks and bonds are available upon client request. IPA uses a variety of quantitative measures and qualitative judgments based on our experience to select the mutual funds on its recommended list. The recommended list contains 50-75 bond and stock mutual funds selected from more than 5,300 mutual funds on the Schwab mutual fund marketplace.
- 4) No market timing; client portfolios are invested with an emphasis on long-term, patient investing, not short-term trading. IPA does not move client assets into and out of the financial markets or sectors of these markets based on current trends or short-term forecasts.
- 5) Minimize total investment costs by using mutual funds with below average expense ratios when available, low turnover to minimize transactions costs and capital gains taxes and “no transaction fee” funds when possible.
- 6) Annual rebalancing of portfolios in accordance with the Investment Policy Guidelines.
- 7) Annual review of account performance and Investment Policy Guidelines.
- 8) Dollar cost averaging when appropriate and desired by client to reduce the short-term risk of investing a large lump sum of cash.
- 9) Accommodate client investment preferences such as socially responsible investing, international, industry sectors, etc.
- 10) Discuss financial markets history with clients to determine an appropriate target rate of return based on historical performance (100 years or more) of a similarly invested portfolio.

- 11) Maximize after-tax returns by using tax management techniques like “tax loss selling,” municipal bonds in taxable accounts for high tax bracket investors and tax-conscious sales to generate cash.
- 12) Low portfolio turnover. IPA selects investments based on a long-term track record (usually 10 years or longer), so short term underperformance is usually not a reason to sell an investment since all investments, including top performers, experience periods of poor relative performance. IPA favors a low portfolio turnover rate to minimize transaction costs and capital gains.
- 13) Individually managed portfolios based on client specific Investment Policy Guidelines; no cookie cutter models.

Investing in marketable securities involves risk of loss that clients should be prepared to bear. IPA primarily uses mutual funds to avoid the ultimate risk which is losing 100% of the principal invested. Because mutual funds are diversified investment vehicles (usually 50 or more individual investments), they have minimized the risk of a total loss. While diversified mutual funds have minimized the risk of a total loss of principal, they do not protect against changes in value (including large declines) due to the fluctuating values of the component investments in the respective fund and of the underlying market in which the fund is invested. When the stock market declines, most stock mutual funds will decline in value approximately as much as, or in some cases more than, the underlying market.

Inflation risk is the risk that the client’s portfolio will grow at a rate below the inflation rate of the U.S. economy and therefore lose purchasing power, which is another type of risk to which investors are exposed. IPA discusses inflation risk with clients when developing their Investment Policy Guidelines and IPA strives to find a stock allocation that will be reasonably comfortable for the client given this inherent risk.

Item 9: Disciplinary Information

IPA has had no disciplinary action issued or taken against it from any regulatory body since its founding in January 1990.

Item 10: Other Financial Industry Activities and Affiliations

IPA does not engage in any other financial industry activities or have any other financial industry affiliations outside of its basic business described in the brochure.

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

IPA has adopted a Code of Ethics (“COE”), which includes policies and procedures for personal trading as well as insider trading. IPA’s COE requires, among other things, the Employees:

- 1) Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, colleagues in the investment profession, and other participants in the global capital markets;
- 2) Adhere to the fundamental standard that an Employee should not take inappropriate advantage of his/her position;
- 3) Avoid any actual or potential conflict of interest;
- 4) Conduct all personal securities transactions in a manner consistent with this policy;
- 5) Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- 6) Practice and encourage others to practice in a professional and ethical manner that will reflect credit on oneself and the profession;
- 7) Maintain and improve one’s professional competence and strive to maintain and improve the competence of other investment professionals; and
- 8) Comply with applicable provisions of the federal and state securities laws.

IPA’s COE also requires Employees to:

- 1) Report personal securities transactions on at least a quarterly basis, and
- 2) Provide IPA with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

A copy of IPA’s COE is available to any client or prospective client upon request.

Conflicts of Interest

IPA’s primary investment vehicle is mutual funds. Trades are implemented immediately upon client approval without regard to timing or when similar trades for other clients are made. The same individually managed approach is used in the rare case when IPA buys or sells an individual stock in a client portfolio. Given this individualized approach, IPA does not believe that there are any conflicts of interest between IPA and its clients in terms of IPA’s approach to investment management.

Employees of IPA may buy or sell securities that are also recommended to clients. Even though the typical trade amount is relatively small and is unlikely to have a material affect on the price of the security being bought or sold, there is a potential conflict of interest when the same security is owned by IPA’s employees and its clients. To

safeguard against any potentially abusive practices, IPA has a personal securities transaction policy in place. This policy requires that all IPA employees submit their personal brokerage statements to Jay P. Levin, Chief Compliance Officer on a quarterly basis. Mr. Levin reviews these statements to ensure that there are no conflicts of interest between the securities transactions and holdings of IPA's employees and IPA's clients.

A potential conflict of interest exists between IPA and its client in that IPA is compensated on the basis of assets under management. As such, IPA has an incentive to increase the amount of assets put under management by its clients. While IPA has no direct ability to transfer client assets into managed accounts, IPA could recommend that clients with assets held outside of IPA's management, transfer those assets into managed accounts. IPA is committed to objective, unbiased financial planning and investment management and bases its recommendations on what is best for the client. If assets held outside of IPA's management are best suited that way, IPA does not recommend that they be transferred into accounts managed by IPA.

Item 12: Brokerage Practices

The Custodian and Brokers We Use

IPA does not maintain custody of your assets that we manage. Your assets are maintained in an account at a "qualified custodian," generally a broker-dealer or bank. IPA recommends that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. IPA is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when either IPA or you instruct them to. While we recommend that you use Schwab as your custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your Brokerage and Custody Costs").

How we Select Brokers/Custodians

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- 1) Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- 2) Capability to execute, clear and settle trades (buy and sell securities for your account)
- 3) Breadth of available investment products (stocks, bonds, mutual funds, certificates of deposit, etc.)

- 4) Availability of investment research and tools that assist us in making investment decisions
- 5) Quality of services
- 6) Competitiveness of the price of those services (commission rates, margin interest rates, mutual fund transaction fees, etc.) and willingness to negotiate the prices
- 7) Reputation, financial strength and stability
- 8) Prior service to us and other clients
- 9) Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

Your Brokerage and Custody Costs

For our client accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our clients were negotiated based on the condition that our clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise.

IPA does not aggregate trades. Given the individualized nature of IPA’s approach to investment management and the fact that all trades must be pre-approved by the client and are implemented immediately after such approval, IPA does not have the opportunity to engage in trade aggregation. In addition, IPA’s primary investment vehicle is open end mutual funds which are purchased and sold at a price determined at the end of the trading day so there is no benefit to trading at a particular time of the day. In terms of potentially reducing trading costs for its clients, the current transaction fee charged to IPA clients by Charles Schwab & Co. (custodian) is \$30 per trade regardless of the amount being bought or sold. This is a per account transaction fee and does not apply to multiple account trades of the same security.

Products and Services Availability to Us from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like IPA. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts; while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in account Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

Services That Benefit You.

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- 1) Provide access to client account data (such as duplicate trade confirmations and account statements)
- 2) Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- 3) Provide pricing and other market data
- 4) Facilitate payment of our fees from our clients' accounts
- 5) Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- 1) Educational conferences and events
- 2) Consulting on technology, compliance, legal, and business needs
- 3) Publications and conferences on proactive management and business succession
- 4) Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel. Specifically, as a client of Schwab, IPA receives a discount on its subscription to the Morningstar mutual fund research service and enjoys a reduced fee for its license

of PortfolioCenter, the main software package that IPA uses to manage client assets and generate client reports. PortfolioCenter is owned by Schwab.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality and price of Schwab's services and not Schwab services that benefit only us. Due to the amount of our assets under management, we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Item 13: Review of Accounts

IPA sends quarterly performance reports to its clients and conducts an in person review annually, at a minimum. More frequent in person review is available if circumstances warrant (see below). In person meetings can be held in IPA's offices in Rockville, MD, at a client's home or business or via telephone in cases where the client lives out of town.

Quarterly performance reviews are prepared by both Jay P. Levin and Jason Dall'acqua. Annual review reports are prepared by both Jay P. Levin and Jason Dall'acqua but conducted by Mr. Levin. Mr. Dall'acqua attends annual review meetings if he is available at the discretion of Mr. Levin.

Quarterly performance reviews contain the following documents and reports:

- 1) Cover letter explaining the information contained in the performance reports. The cover letter also offers to make a Form ADV available to any client upon request
- 2) Financial Markets Review – provides stock, bond, cash and miscellaneous index returns for the most recently completed calendar quarter as well as longer time frames up to ten years. Clients are encouraged to use this report to gain perspective about how the market performed and as a benchmarking tool against which to compare the performance of their portfolio
- 3) Portfolio Performance Review – an overview of the performance of the portfolio for the most recently completed calendar quarter and various other time frames including the period “inception to date.”

- 4) Position Performance Summary – performance for the most recently completed calendar quarter of the individual investment positions
- 5) Invoice – shows the calculation of the quarterly management fee in advance based on the account balance at the end of the most recently completed calendar quarter. The invoice is only included for clients whose management fees are deducted directly from their Schwab account. The balance due is “\$0” because it is deducted from the account. For direct billed clients, a separate invoice is sent via regular mail.

Interim in-person reviews are available as needed and are usually due to a significant change in a client’s personal or financial circumstances.

Item 14: Client Referrals and Other Compensation

IPA receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and how they benefit IPA and the related conflicts of interest are described above in item 12. The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

IPA may enter into agreements with individuals to compensate them for client referrals. Typically, the compensation amounts to 25% of the annual management fee paid to IPA by the referred client. IPA does not increase the management fee schedule described above in item 5 for clients on which IPA is paying a referral fee. All such individuals acting as solicitors for IPA will be registered as investment adviser representatives with the State of Maryland.

Item 15: Custody

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account, or if you grant us authority to move your money to another person’s account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly (usually monthly). They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab’s account statements to the periodic portfolio reports you will receive from us.

Item 16: Investment Discretion

IPA manages all its client assets on a non-discretionary basis. IPA obtains client approval of all trades prior to executing them. Prior approval of trades is obtained by IPA from the client either orally or via email.

Item 17: Voting Client Securities

IPA does not vote proxies on behalf of clients. Clients receive all proxy and related materials via regular U.S. mail and retain sole responsibility for voting proxies. IPA is available to consult with clients on proxy matters on an as needed basis. IPA shall not be deemed to have proxy voting authority as a result of providing such advice to clients.

Item 18: Financial Information

IPA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. As such, IPA is not required to provide financial information in this brochure. IPA believes there is no material financial circumstance that would affect its ability to properly and successfully execute its responsibility to its clients.