



## **Costello Financial Planning, Inc.**

[www.costellofinancialplanning.com](http://www.costellofinancialplanning.com)

Firm Brochure

(Part 2A of Form ADV)

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Arlington Heights, IL 60005 (by appointment only)

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Chicago, IL 60606 (by appointment only)

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Bend, OR 97702

This brochure provides information about the qualifications and business practices of Costello Financial Planning, Inc. If you have any questions about the contents of this brochure, please contact us at: 847-508-6999 or 847-894-2067, or by email at: [cfp@costellofp.com](mailto:cfp@costellofp.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. Registration does not imply a certain level of skill or training.

Additional information about Costello Financial Planning is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

February 29, 2024

## **Item 2. Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

There are no material changes in this brochure from the last annual updating amendment of Costello Financial Planning on March 15, 2023. Material changes relate to Costello Financial Planning's policies, practices or conflicts of interests.

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (847) 508-6999; by email at: [rob@costellofp.com](mailto:rob@costellofp.com) via our web site [www.costellofinancialplanning.com](http://www.costellofinancialplanning.com).

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## Item 4. Advisory Business

“Costello Financial Planning” may be referred to as “CFP”

Costello Financial Planning, Inc. is an Oregon, Illinois, and Michigan-based company. Robert Costello founded our firm in 2015. Our firm is not a subsidiary of nor do we control another entity. In addition to our registration as an investment advisor in Oregon, Illinois, and Michigan, our firm and its associates may register or meet certain exemptions to registration in other states in which we conduct business. Robert Costello is a 70% stockholder of Costello Financial Planning. Paul Costello is a partner of CFP and is a 30% stockholder of Costello Financial Planning.

### 1. Wealth Management

Costello Financial Planning, Inc.’s wealth management services offer the concept of a Personal CFO combining essential components from the right team members for comprehensive wealth management. The process involves the following steps:

Discovery: Exploration and identification of values and goals.

Base Plan: Data collection and organization of facts outlining where the client is today.

Investment Planning: Preparation of Investment Policy Statement outlining a client’s current financial situation.

Development of Investment Plan: Selecting a portfolio that will correspond with a client’s specific situation. Clients may impose restrictions on investing in certain securities or types of securities.

Implementation: Providing ongoing services for the management of client accounts in accordance with investment and wealth objectives.

Wealth Management Meetings: Contact with clients to determine if their financial circumstances or investment and wealth objectives have changed requiring alternative strategy.

Our wealth management services are comprehensive. They include, but are not limited to, the following: financial planning, cash flow analysis, scenario planning, personal investment policy statement, asset allocation, manager selection, tax planning, asset location, risk tolerance, risk mitigation, professional relationships and regular portfolio monitoring.

On an ongoing basis, Costello Financial Planning, Inc. will answer clients’ inquiries regarding their accounts and review periodically with clients the performance of their accounts. In addition to managing the client’s investment portfolio, Costello Financial Planning, Inc. may consult with clients in various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things.

### 2. Retirement Plan Consulting

Retirement Plan Consulting develops and maintains an Investment Policy Statement for an employer retirement plans like a 401(k). The IPS formalizes investment review guidelines. Retirement Plan Consulting

provides initial and ongoing due diligence of the plan's securities. Reviews with the trustee or investment committee are scheduled according to the trustee.

We assist in the plan design, but Costello Financial Planning does not provide Third Party Administration (TPA) services. The TPA is hired by the plan's trustee.

### 3. Private Foundation

Private Foundation services develop and maintain an Investment Policy Statement for trustees of charitable organizations. The IPS formalizes investment review guidelines. Reviews with the trustee or investment committee are scheduled according to the trustee.

Our Private Foundation services include, but are not limited to, the following: cash flow analysis, investment policy statement, asset allocation, manager selection, tax planning, risk tolerance, professional relationships and regular portfolio monitoring.

On an ongoing basis, Costello Financial Planning, Inc. will answer clients' inquiries regarding their foundation and review periodically with clients the performance of the foundation. In addition to managing the client's private foundation, Costello Financial Planning, Inc. may consult with clients in various financial areas including grant making, cash flow analysis, record keeping, and legacy planning.

### 4. Tax Preparation

Tax Preparation services are offered to CFP clients. Personal tax return preparation is included in Wealth Management Services. CFP pays Brothers Tax, LLC for their personal tax return services. The client pays other tax preparation services, like business and foundation tax preparation.

## **General Information**

We do not provide legal, accounting or insurance services. With your consent, we may work with your other advisors (attorneys, accountant, etc.) to assist with coordination and implementation of accepted strategies. You should be aware that these other advisors will charge you separately for their services, and these fees will be in addition to our advisory fees.

Our firm will use its best judgment and good faith effort in rendering its services. Costello Financial Planning cannot warrant or guarantee any particular level of account performance or that your account will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, our firm will not be liable to the client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by our firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from our adherence to your direction or that of your legal agent; any act or failure to act by a service provider maintain an account.

## **Wrap Fee Programs**

Our firm does not participate in or sponsor wrap fee investment management programs.

## Managed Assets

As of December 31, 2023, Costello Financial Planning, Inc., managed \$139,780,927 in assets for 456 accounts or 106 households. Approximately, \$118,783,140 managed on a discretionary basis and \$20,997,787 on a non-discretionary basis.

## Item 5. Fees and Compensation

As a fee-only firm, Costello Financial Planning, Inc. is compensated directly by its clients and never accepts commissions, referral fees, or compensation of any kind related to the products recommended to the client or purchased or sold by clients.

When it is appropriate, the firm may recommend other professionals to its clients. These professionals may include attorneys, accountants, insurance agents, real estate agents, etc. The firm does not pay or receive any referral fees or compensation for the referrals made to its clients. These other professionals are engaged directly by the client on an as-needed basis even when recommended by the firm. Any known conflicts of interest will be disclosed to the client and managed in the best interest of the client.

### Wealth Management, Retirement Plan Consulting, Private Foundation Services Fees

Services are provided on a fee-only basis and are based on a percentage of assets that Costello Financial Planning, Inc. manages according to the schedule below:

Total Assets Under Management	Annual Fee
First \$1,000,000	0.99%
\$1,000,001 to \$2,000,000	0.89%
\$2,000,001 to \$3,000,000	0.79%
\$3,000,001 to \$4,000,000	0.69%
\$4,000,001 to \$5,000,000	0.59%
Over \$5,000,000	0.49%

There is a minimum billing quarterly billing of \$2,500. Billing is done quarterly in arrears.

Costello Financial Planning, Inc.'s service fees are deducted quarterly from a designated brokerage account at their qualified custodian. This billing is in arrears. The client must consent in advance to direct debiting of their investment account for Costello Financial Planning, Inc.'s fees.

Costello Financial Planning, Inc. has the discretion to waive minimum billing. Fees are negotiable.

Unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the client may terminate the investment advisory contract within five (5) business days of signing the contract without incurring any advisory fees.

## Other Fees

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 nominal 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.

Mutual funds and exchange-traded funds generally charge a management fee for their services as investment managers. The management fee is included in the expense ratio. Mutual fund fees also include transaction charges for the purchase or sale of securities within the fund and may charge other fees as disclosed in the fund prospectus. These fees are in addition to the fees paid by the client to Costello Financial Planning, Inc.

Please see the section entitled “Brokerage Practices” for more information.

### **Past due Accounts and Termination of Agreement**

Costello Financial Planning, Inc. reserves the right to stop work on any account that is more than 60 days overdue. In addition, Costello Financial Planning, Inc. reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate to providing proper financial advice, per the judgment of Costello Financial Planning. Clients may terminate their agreement at any time by providing written notice. Terminating clients will receive an itemized bill based on hourly rates for work completed. Any unused portion of fees collected in advance will be refunded within 30 days. Refunded fees will be sent to the client’s address of record.

### **Compensation for Sales of Investment Products**

The firm’s compensation is solely from fees paid directly by clients. The firm does not receive a commission based on the client’s purchase of any financial product, including insurance. No commissions in any form are accepted. Item 6 – Performance-Based

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

Costello Financial Planning, Inc. does not charge performance-based fees or engage in side-by-side management.

## **Item 7. Types of Clients**

Costello Financial Planning, Inc. provides advice primarily to individuals, families, retirement plans, and private foundations.

Costello Financial Planning, Inc. has asset or net worth minimums for Wealth Management, Retirement Plan Consulting, and Private Foundation services.

There are no requirements for opening or maintaining an account.

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

### Methods of Analysis and Investment Strategies

#### Method of Analysis

If we are engaged to provide investment advice, we will first gather and consider several factors, including your:

- Current financial situation,
- Current and long-term needs,
- Investment goals and objectives,
- Level of investment knowledge,
- Tolerance for risk, and
- Restrictions, if any, on the management of your portfolio

We generally employ a fundamental analysis which involves evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. In addition to our research, the firm's recommendations may also be drawn from research sources that include financial publications, investment analysis and reporting software, materials from outside sources, annual reports, prospectuses and other regulatory filings, and company press releases.

We make asset allocation and investment policy decisions based on the above-noted elements and any other reasonable requirements you may prescribe. We will discuss with you how, in our best judgment, to meet your objective while at the same time seeking a prudent level of risk exposure.

#### Investment Strategies

We do not engage in market timing or the selection of individual equities. We favor a long-term buy and hold strategy with periodic rebalancing of the portfolio among asset classes, while incorporating the principles of Modern Portfolio Theory, whose concepts are based on rigorous, long-term academic research. The major premises of this theory include:

- Markets are typically fairly efficient (though not always rational); therefore, it is extremely difficult to gain a competitive edge by exploiting market anomalies.
- Risk and reward are highly correlated. Over time, riskier assets provide higher expected returns to compensate investors for accepting greater risk.
- Adding high-risk, low-correlating asset classes to a portfolio can actually reduce volatility/risk while increasing expected rates of return.
- Proper diversification of a portfolio can maximize expected return for a certain level of risk; likewise, it can minimize risk for a certain expected rate of return.



## **Investment Strategy and Method of Analysis Materials Risks**

### **Investment Strategy Risks**

We believe our strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, we cannot guarantee that an investment objective or planning goal will be achieved. As an investor, you must be able to bear the risk of loss that is associated with your account, which may include the loss of some or your entire principal. In general, risks regarding markets include interest rates, company, and management risk, among others. Examples include:

- **Market Risk** – When the stock market as a whole or industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called systemic or systematic risk.
- **Company Risk** – When investing in securities, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or industry.
- **Management Risk** – An investment with a firm varies with the success and failure of its investment strategies, research, analysis, and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.
- **Firm Research** – When the firm's research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, the firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. The firm makes every effort to determine the accuracy of the information received but it cannot predict the outcome of events or actions taken or not taken, or the validity of all information it has researched or provided, which may or may not affect the advice on or investment management of an account.
- **Passive Markets Theory** – A portfolio that employs a passive, efficient markets approach (often associated with index investing) has the potential risk that at times the broader allocation may generate lower-than-expected returns than those from a specific, more narrowly focused asset, and that the return on each type of asset is a deviation from the average return for the asset class. We believe this variance from the "expected return" is generally low under normal market conditions when a portfolio is made up of diverse, non-correlated assets.
- **Socially Conscious Investing** – If you require your portfolio to be invested according to socially conscious principles, you should note that returns on investments of this type may be limited and because of this limitation you may not be able to be as well diversified among various asset classes. The number of publicly traded companies that meet socially conscious investment parameters is also limited, and due to this limitation, there is a probability of similarity or overlap of holdings, especially among socially conscious mutual funds or ETFs. Therefore, there could be a more pronounced positive or negative impact on a socially conscious portfolio, which could be more volatile than a fully diversified portfolio.

### **Security Specific Material Risks**

**ETF and Mutual Fund Risk** – ETF or mutual funds may carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. The risk of owning an ETF or mutual fund also generally reflects the risks of their underlying securities.

**Fixed Income Risks** – Various forms of fixed income instruments, such as bonds, money market funds, bond funds, and certificates of deposit, may be affected by various forms of risk including:

- Interest Rate Risk – The risk that the value of the fixed income holding will decrease because of an increase in interest rates.
- Liquidity Risk – The inability to readily buy or sell an investment for a price close to the true underlying value of the assets due to a lack of buyers and sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading on any given period does not readily support buys and sells at an efficient price.
- Credit Risk – The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when issuer’s ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stock holders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.
- Reinvestment Risk – With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.
- Duration Risk – Duration is a measure of a bond’s volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

## **Item 9. Disciplinary Information**

Neither Costello Financial Planning, Inc. nor any of its personnel has been subject to any disciplinary events.

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

We are not affiliated nor have a material relationship with any other financial industry entities.

Our policies require that we conduct business activities in a manner that avoids actual or potential conflicts of interest between the firm personnel and the client, or that may otherwise be contrary to law. We will provide disclosure to the client, prior to and throughout the term of the engagement, of any conflicts of interest which will or may reasonably compromise our impartiality or independence.

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

The employees of Costello Financial Planning, Inc. have committed to a Code of Ethics and Fiduciary Oath as outlined by the National Association of Personal Financial Advisors (NAPFA). A summary of the Code of Ethics' Principles is outlined below.

- 1) Integrity: The advisor shall offer and provide professional services with integrity.
- 2) Objectivity: The advisor shall be objective in providing professional services to clients.
- 3) Competence: The advisor shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which the advisor is engaged.
- 4) Fairness: The advisor shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- 5) Confidentiality: The advisor shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, to defend against charges of wrongdoing by the advisor, or in connection with a civil dispute between the advisor and client.
- 6) Professionalism: The advisor's conduct in all matter shall reflect credit upon the profession.
- 7) Diligence: The advisor shall act diligently in providing professional services.

CFP® designees are also held to a Code of Ethics as outlined by the CFP® Board of Standards. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

At times we as individuals may hold positions in securities that may also be recommended to clients. We may also buy a security for ourselves at or near the same time that we recommend selling the same security to a client (or vice versa) based on the unique situation of each individual. However, at no time will we receive preferential treatment over clients. We enforce the applicable rules of the Investment Advisor Act of 1940 including the provision against insider trading. We maintain the required personal securities transaction records for all employees and require prior approval for non-systematic trades.

## **Item 12. Brokerage Practices**

We do not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. We typically recommend mutual fund and discount brokerage firms like Vanguard, Fidelity, Charles Schwab, TIAA and TD Ameritrade (TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA) based on their transaction costs, ease of use, fund selection, and client service. When clients select investment management services, we use an independent, 3rd-party custodian.

We do not receive fees or commissions from any of these arrangements, although we may benefit from electronic delivery of client information, electronic trading platforms and other services provided by custodians for the benefit of clients. We may also benefit from other services provided by custodians, such as

research, continuing education, and practice management advice. These benefits are standard in a relationship with these custodians and are not in return for client recommendations or transactions.

We do not consider potential client referrals to us from brokerages in the brokerage recommendations we provide to our clients.

We do not direct brokerage for specific client transactions except occasionally individual bonds, for which we may select a broker-dealer to secure better pricing for the client than offered by the custodial broker-deal on an individual trade.

## **Item 13. Review of Accounts**

### **Periodic Reviews**

- **Wealth Management Reviews** – Wealth management reviews are offered quarterly or more frequently as market conditions dictate by members of Costello Financial Planning, Inc.
- **Retirement Plan Consulting Reviews** – Costello Financial Planning, Inc. meets with clients 1-4 times per year to review their retirement plan and investment recommendations.
- **Private Foundation Reviews** – Costello Financial Planning, Inc. meets with clients 1-4 times per year to review their retirement plan and investment recommendations.

### **Review Triggers**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situation (such as retirement, termination of employment, physical move, or inheritance).

### **Regular Reports**

- **Investment Management Reporting** – Investment portfolios are reviewed annually with clients. Investment reports are available quarterly or as requested. Additionally, clients will receive monthly and/or quarterly reports from the custodian holding your funds and securities. Clients can also access such reports electronically.
- **Wealth Management Reporting** – Financial plans are reviewed 2-4 times per year with clients. Reports will be made available at those meetings.

Robert Costello, President of Costello Financial Planning, conducts reviews of clients' accounts.

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

Costello Financial Planning, Inc. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

The Advisor engages independent solicitors to provide client referrals. If a client is referred to us by a solicitor, this practice is disclosed to the client in writing by the solicitor and the Advisor pays the solicitor out of its own funds—specifically, the Advisor generally pays the solicitor a portion of the advisory fees earned for managing the capital of the client or investor that was referred. The use of solicitors is strictly regulated under applicable federal and state law. The Advisor’s policy is to fully comply with the requirements of Rule 206(4)-3, under the Investment Advisers Act of 1940, as amended, and similar state rules, as applicable.

The Advisor may receive client referrals from Zoe Financial, Inc through its participation in Zoe Advisor Network (ZAN). Zoe Financial, Inc is independent of and unaffiliated with the Advisor and there is no employee relationship between them. Zoe Financial established the Zoe Advisor Network as a means of referring individuals and other investors seeking fiduciary personal investment management services or financial planning services to independent investment advisors. Zoe Financial does not supervise the Advisor and has no responsibility for the Advisor’s management of client portfolios or the Advisor’s other advice or services. The Advisor pays Zoe Financial an on-going fee for each successful client referral. This fee is usually a percentage of the advisory fee that the client pays to the Advisor (“Solicitation Fee”). The Advisor will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc, please refer to the Zoe Financial Disclosure and Acknowledgement Form.

## **Item 15. Custody**

### **Account Statements**

As paying agent for our firm, an independent custodian will directly debit clients account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from client’s accounts causes our firm to exercise limited custody over funds or securities. We do not have physical custody of any of our client’s funds and/or securities. Funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. Clients will receive account statements at the address of record from the independent, qualified custodian(s) holding their funds and securities at least quarterly. The account statements from custodian(s) will indicate the amount of our advisory fees deducted from client account(s) each billing period. Clients should carefully review account statements for accuracy.

### **Statements Provided by Costello Financial Planning, Inc.**

Clients are at times provided account statements, net worth statements, and net worth graphs that are generated from our financial planning software. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land, real estate, limited partnerships, and other hard-to-price assets. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks. The book values of hard to price assets are reviewed whenever supplemental information relating to valuation is received. Otherwise, these assets are priced at client cost. Clients are urged to compare the statements they receive from us to those they receive from their qualified custodians.

## **Item 16. Investment Discretion**

Before we can buy or sell securities on client's behalf, they must first sign our discretionary management agreement, a limited power of attorney, and/or trading authorization forms.

Clients may grant our firm discretion over the selection and amount of securities to be purchased or sold for their account(s) without obtaining their consent or approval prior to each transaction. Clients may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for their account(s). Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

If clients enter into non-discretionary arrangements with our firm, we will obtain their approval prior to the execution of any transactions for their account(s). Clients have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

### **Investment Advice on Rollovers:**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours. Under this special rule's provisions, we must:

Meet a professional standard of care when making investment recommendations (give prudent advice); Never put our financial interests ahead of yours when making recommendations (give loyal advice); Avoid misleading statements about conflicts of interest, fees, and investments; Follow policies and procedures designed to ensure that we give advice that is in your best interest; Charge no more than is reasonable for our services; and give you basic information about conflicts of interest.

## **Item 17. Voting Client Securities**

Costello Financial Planning is required to disclose if it accepts authority to vote client securities. The Firm does not vote client securities on behalf of its clients. Clients receive proxies directly from the Financial Institutions. Proxies may be voted by the Costello Financial Planning unless the client and Costello Financial Planning agree otherwise.

## **Item 18. Financial Information**

### **Balance Sheet**

Costello Financial Planning, Inc. does not solicit prepayment of more than \$500 in advisory 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 Advisory Firm's Ability to Meet Commitments to Clients**

Neither Costello Financial Planning, Inc. nor its management have any financial conditions that is likely to reasonably impair our ability to meet contractual commitments to clients.

### **Bankruptcy Petitions During the Past 10 Years**

Neither Costello Financial Planning, Inc. nor its management has been the subject of a bankruptcy petition in the last ten years.

## **Item 19. Requirements for State-Registered Advisors**

### **Principal Executive Officers and Management Persons**

#### **Designated Principal (Firm Supervisor)/Managing Member/Investment Advisor Representative**

Robert Francis Costello, CFP® (Born 1983)

#### **Educational Background and Business Experience**

##### *Educational Background*

- University of Illinois Urbana-Champaign, Bachelor of Science, 2006
- Kaplan, CFP, 2009
- Northwestern University, School of Continuing Studies, CPA Prep, 2012

##### *Business Experience*

- Principal, Costello Financial Planning, Inc.; Chicago, IL and Ann Arbor, MI (2015 – Present)
- Financial Planner, Sebold Capital Management, Inc.; Naperville, IL (2007-2015)
- Mortgage Specialist, Ameriquest Mortgage (2006-2007)

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 68,000 individuals have obtained CFP® certification in the United States.

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’s 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). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, 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 (or the equivalent, measured as 2,000 hours per year); and

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.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

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 maintain competence and keep up with developments in the financial planning field; and

Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **Other Business Activities**

Robert Costello provides tax preparation services, which involves 10 hours or less of his time per month. The noted business activities do not present material conflicts of interest for the financial planning and investment advice services that are provided by Mr. Costello as the principal and investment advisor of Costello Financial Planning.

### **Additional Compensation**

Robert Costello is not compensated for advisory services involving performance-based fees. He is not a senior executive of or insiders to an issuer of a security. Our firm also prohibits employees from accepting or receiving additional economic benefit, such as sales awards or other prizes, for providing advisory services to its clients.



Robert Costello is not actively engaged in another investment-related business or occupation; he is not registered nor have an application pending to register as a registered representative of a broker / dealer or associated person of a futures commission merchant, commodity pool operator, or commodity trading advisor. Therefore, he does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including that as a registered representative of a broker / dealer, and including distribution or service (“trail”) fees from the sale of mutual funds.

### **Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable in this section. There are no criminal or civil actions, administrative enforcement proceedings, self-regulatory organization enforcement proceedings or any other proceedings applicable to Costello Financial Planning, Inc. or Robert Costello.

### **Supervision**

Robert Costello serves in multiple capacities for Costello Financial Planning, Inc.: managing member, firm principal (supervisor), financial planner and investment advisor representative. We recognize that inability to segregate certain duties may potentially create conflicts of interest. However, we employ policies and procedures to ensure timely and accurate record keeping and supervision, including outsourcing certain functions to qualified entities to assist in these efforts when necessary.

### **Designated Principal (Firm Supervisor)/Managing Member/Investment Advisor Representative**

Paul Desmond Costello, CPA (Born 1987)

### **Educational Background and Business Experience**

#### *Educational Background*

- University of Illinois at Urbana-Champaign, Bachelor of Science, 2009
- University of Illinois at Urbana-Champaign, Master of Accounting Science, 2010

#### *Business Experience*

- Partner, Costello Financial Planning, Inc.; Chicago, IL and Ann Arbor, MI (2018-Present)
- Vice President, Deutsche Bank Securities, Inc.; Chicago, IL (2015-2018)
- Advanced Examiner, CME Group Inc.; Chicago, IL (2010-2015)

**Certified Public Accountant (CPA)** CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of

continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services.

### **Other Business Activities**

Paul Costello provides tax preparation services, which involves 10 hours or less of his time per month. The noted business activities do not present material conflicts of interest for the financial planning and investment advice services that are provided by Mr. Costello as the principal and investment advisor of Costello Financial Planning.

### **Additional Compensation**

Paul Costello is not compensated for advisory services involving performance-based fees. He is not a senior executive of or insiders to an issuer of a security. Our firm also prohibits employees from accepting or receiving additional economic benefit, such as sales awards or other prizes, for providing advisory services to its clients.

Paul Costello is not actively engaged in another investment-related business or occupation; he is not registered nor have an application pending to register as a registered representative of a broker / dealer or associated person of a futures commission merchant, commodity pool operator, or commodity trading advisor. Therefore, he does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including that as a registered representative of a broker / dealer, and including distribution or service (“trail”) fees from the sale of mutual funds.

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Questions relative to our firm, its services in this ADV Part 2A may be made to the attention of Robert Costello 847-508-6999. Additional information about the firm, other advisory firms, or associated investment advisor representatives, including Robert Francis Costello, is available on the internet at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). A search of this site for firms may be accomplished by firm name or unique firm identifier, known as IARD number.

The IARD number for Costello Financial Planning is 175295. You may also search Robert Costello by name or his reference number, which is 5907311.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may also be obtained by calling the Illinois Securities Department at (800) 628-7937

**Business Continuity Plan**

Our firm maintains a business continuity plan that is integrated with the entirety of our organization to ensure we appropriately respond to events that pose a significant disruption to its operations. A statement concerning our current plan is available under separate cover.