



### Item 1 – Cover Page

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

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March 27, 2024

This brochure provides information about the qualifications and business practices of Planning Directions, Inc. If you have any questions about the contents of this brochure, please contact us at (610) 361-0865. 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 Planning Directions, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Planning Directions, Inc. is 120131.

Planning Directions, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2: Material Changes

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Since their last annual update, July 1, 2023, the following material changes have occurred:

1. Items 12, 14 and 15 have been modified to reflect additional details of the firm's use of the Schwab Advisor Services ("Schwab") platform.

Please note that this section only discusses changes that we consider material.

You may request a copy of our current Brochure at any time, without charge, by calling us at (610) 361-0865 or e-mailing us at [info@commoncentsplanning](mailto:info@commoncentsplanning).

Additional information about Planning Directions Inc, is available via the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Planning Directions Inc who are registered, or are required to be registered, as Investment Adviser Representatives of Planning Directions Inc.

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# Item 4: Advisory Business

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## Description of Advisory Firm

Planning Directions, Inc.'s registration was granted by the U.S. Securities and Exchange Commission on January 14, 2004. William F. Muller is CEO and 50% owner of the firm. Matthew Ellis is President, Chief Compliance Officer and 50% owner of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries which have any ownership interest in the firm. As of December 31, 2023, the firm managed \$422,810,724 in asset of which, \$386,011,809 on a discretionary basis and \$36,798,914 on a nondiscretionary basis.

This Brochure is designed to provide detailed and clear information relating to each item noted in the table of contents. Certain disclosures are repeated in one or more items, and/or other items are referred to in an effort to be as comprehensive as possible on the broad subject matters discussed. Within this Brochure, certain terms in either upper- or lowercase are used as follows:

- "We," "us," and "our" refer to Planning Directions Inc.
- "Advisor" refers to persons who provide investment recommendations or advice on behalf of Planning Directions Inc.
- "You," "yours," and "client" refer to clients of Planning Directions Inc and its advisors.

## Types of Advisory Services

### Investment Management Services

We are in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy statement. We design an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation target. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure.

### Financial Planning

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to help achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Budgeting & Cash Flow Analysis:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **Education Planning:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Fringe Benefits Analysis:** We will provide review and analyze as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning Analysis:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Investment Analysis and Planning:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your retirement goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (i.e., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Income Tax Planning Analysis:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

The Adviser or the client may terminate the Advisory Agreement at any time on thirty (30) days prior notice. Notice shall be in writing and delivered to the appropriate party's last known address. Any unpaid fees as have been earned by the Adviser shall be paid within fifteen (15) days of the termination of this Agreement.

The specific advisory program you select may cost you more or less than purchasing program services separately. Factors that bear upon the cost of a particular advisory program in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account; the historical or expected size or number of trades for the account; the types of securities and strategies involved; the amount of fees, commissions, and other charges that apply at the account or transaction level; and the number and range of supplementary advisory and client-related services provided to the account. Lower fees for comparable services may be available from other sources. You are under no obligation to engage us for services and are free to use the firm of your choice.

Investment recommendations and advice offered by Planning Directions and its advisors do not constitute legal, tax, or accounting advice. Clients should coordinate and discuss the impact of the financial advice they receive from their advisor with their attorney and accountant. Clients should also inform their advisor promptly of any changes in their financial situation, investment goals, needs, or objectives. Failure to notify the advisor of any material changes could result in investment advice not meeting the changing needs of the client.

## **IRA Rollover Considerations**

As part of our financial planning and advisory services, we may provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. When appropriate, we may recommend that you withdraw the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") to be managed by our firm or a Third-Party Manager that we recommend. If you elect to roll the assets to an IRA under our management, we will charge you an asset-based fee as described in Item 5. This practice presents a conflict of interest because our Advisory Representative has an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have your IRA assets managed under our program or a Third-Party Managed Program. You have the right to decide whether to complete the rollover and the right to consult with other financial professionals.

Some employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Roll over the funds to a new employer's retirement plan.
3. Cash out and take a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak with your financial advisor, CPA and/or tax attorney.

Before rolling over your retirement funds to an IRA for us to manage or to a Third-Party Managed Program, carefully consider the following. NOTE: This list is not exhaustive.

1. Determine whether the investment options in your employer's retirement plan address your needs or whether other types of investments are needed.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public, such as employer securities or previously closed funds.
2. Your current plan may have lower fees than our fee and/or the Third-Party Manager's fee combined.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
3. You should understand the various products and services available through an IRA provider and their costs.
4. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. If your plan offers management services, the fee associated with the service may be more or less than our fee and/or the Third-Party Manager's fee combined.
5. The Third-Party Manager's or our management strategy may have higher risk than the options provided to you in your plan.
6. Your current plan may offer financial advice, guidance, management and/or portfolio options at no additional cost.
7. If you keep your assets titled in a 401(k) or retirement account, you could potentially delay your required minimum distribution beyond age 73.
8. Your 401(k) may offer more liability protection than a rollover IRA; each state varies. Generally, Federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies; however, there can be exceptions. Consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
9. You may be able to take out a loan on your 401(k), but not from an IRA.
10. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or a home purchase.
11. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
12. Your plan may allow you to hire us or another firm as the manager and keep the assets titled in the plan name.

It is important that you understand your options, their features, and their differences, and decide whether a rollover is best for you. If you have questions, contact us at our main number listed on the cover page of this brochure.

In addition to complying with applicable SEC rules, Planning Directions Inc is subject to certain rules and regulations adopted by the U.S. Department of Labor when we provide nondiscretionary investment advice to retirement plan participants and IRA owners. When these DOL rules apply, our advisors and Planning Directions Inc are "fiduciaries," for purposes of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and the Internal Revenue Code of 1986 ("the Code"), as amended. Therefore, Planning Directions Inc and our advisors may not receive payments that create conflicts of interest when providing fiduciary investment advice to plan sponsors, plan participants, and IRA owners, unless we comply with a prohibited transaction exemption ("PTE"). Beginning December 20, 2021, Planning Directions Inc and our advisors will comply with ERISA and the Code by using PTE 2020-02. As fiduciaries under ERISA and the Code, we render advice that is in

plan participants' and IRA customers' best interest. Planning Directions Inc and our advisors' status as an ERISA/Code fiduciary is limited to ERISA/Code covered nondiscretionary advice and recommendations regarding rolling over a retirement account and does not extend to all situations.

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

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon a client Investment Policy Statement, which outlines each client's current situation (current assets, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

### **Program Choice Conflicts of Interest**

Clients should be aware that the compensation to Planning Directions Inc and your advisor will differ according to the specific advisory programs or services provided. This compensation to Planning Directions Inc and your advisor may be more than the amounts we would otherwise receive if you participated in another program or paid for investment advice, brokerage, or other relevant services separately. Lower fees for comparable services may be available through our firm or from other sources. Planning Directions Inc and your advisor have a financial incentive to recommend advisory programs or services that provide us higher compensation over other comparable programs or services available from our firm or elsewhere that may cost you less. For example, the costs you will incur to have your account managed by our firm may be more than what other similar firms may charge. It's important to understand all the associated costs and benefits the program and services you select so you can decide which programs and services are best suited for your unique financial goals, investment objective, and time horizon. We encourage you to review our Form CRS and to discuss your options with your advisor.

In addition, Commonwealth offers our firm and our advisors one or more forms of financial benefits based on our total assets under management held at Commonwealth or in Commonwealth's PPS Program accounts, as well as financial assistance for transitioning from another firm to Commonwealth. The types of financial benefits that your advisor may receive from Commonwealth include, but are not limited to, forgivable or unforgivable loans, enhanced payouts, and discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; licensing and insurance costs; and the cost of attending conferences and events. The enhanced payouts, discounts, and other forms of financial benefits that your advisor may have the opportunity to receive from Commonwealth provide a financial incentive for our firm and your advisor to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits. Please see items 12 and 14 of this Brochure for more detailed information about these types of conflicts and our relationship with Commonwealth.

## **Item 5: Fees and Compensation**

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Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees and without penalty. How we are paid



depends on the type of advisory service we are performing. Please review the fee and compensation information below.

With regard to **asset management** activities, the fee structure is as follows: less than \$500,000, fee of one (1%) percent annually; the next \$500,000, fee of .85% annually; for additional amounts over \$1,000,001, fee of three-quarters (.75%) percent annually. The fee is payable semi-annually in arrears by the client and is generally not negotiable. The advisory fee is a blended fee and is calculated by assessing the percentage rates using the predefined levels of assets as shown in the above chart, resulting in a combined weighted fee. For example, an account valued at \$2,000,000 would pay an effective fee of 0.84% with the annual fee of \$16,750.00. The semi-annual fee is determined by the following calculation:  $((\$500,000 \times 1.00\%) + (\$500,000 \times 0.85\%) + (\$1,000,000 \times 0.75\%)) \div 2 = \$8,375.00$ . No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

Advisory fees are directly debited from client accounts, or the client may choose to pay by check. Further, in the event that a client permits the firm to provide investment management services and such client indicates a statement of intent to subject a greater amount of funds to management, fees are prorated over the billing period.

Regarding **financial planning fees**, the firm imposes an hourly fee of \$250.00. Fees are not negotiable. Compensation is payable upon provision of the financial planning advice. In the event of early termination by client, any fees for the hours already worked will be due.

To the extent that you hold positions in your account for which pricing data is not readily available, Commonwealth receives quarter-end values from alternative investment issuers or other service providers which are used when calculating billable AUM for our clients. Neither Planning Directions Inc nor Commonwealth engages in an independent valuation of your account assets and relies on valuations provided by the investment issuers or other service providers. Planning Directions Inc (via Commonwealth and further via the account custodian) will provide periodic account statements which include the market value of the alternative investment based on information received from the investment issuer or other service provider. In providing these account statements, or any other valuation information to you, (i) Planning Directions Inc relies on the valuation information provided by the manager of the alternative investment or other service provider, (ii) the valuation information used to determine the billing fee is based on estimates that may be outdated as of the dates of the account statements, (iii) the products final valuations may be higher or lower than the values reflected in the periodic account statements and (iv) while Commonwealth will adjust material estimated fee billings on a best efforts basis on Planning Directions Inc behalf, neither Planning Directions Inc nor Commonwealth is under no obligation to provide notice or compensation to you for differences in estimated alternative investment valuations.

\*Account values in the Commonwealth reporting system will be used for our firm's quarterly fee calculations for advisory accounts custodied at National Financial Services (NFS). Although account holdings and asset valuations should generally match, month-end market values reflected in Commonwealth's Practice 360 reporting system sometimes differ from those provided by NFS on their month-end statements. The three most common reasons why these values may differ are (i) differences in the manner in which accrued interest is calculated, (ii) differences in the date upon which "as of" dividends and capital gains are reported, and (iii) differences in whether settlement date valuations or trade date valuations are used. If you have any questions or believe there are material discrepancies between your NFS custodial statement and Commonwealth's reporting system, please contact us. The Commonwealth report valuations are available online via your Investor360 account or you may request a copy from your advisory representative.

Planning Directions Inc allows for the aggregation of assets among a client's "related" managed accounts for purposes of determining the value of AUM and the applicable advisory fee to be paid by a client. Planning

Directions Inc reserves the right to determine whether client accounts are “related” for purposes of aggregating a client’s accounts together for a reduction in the percentage fee amount.

## Other Fees and Costs

Commonwealth passes on to our clients the securities clearance and settlement fees charged by its clearing broker/dealer with a substantial markup that is retained by Commonwealth. Commonwealth adds a markup to the transaction fees assessed by its clearing firm and paid by clients or clients’ advisors to compensate Commonwealth for the cost of its resources utilized in processing the transaction(s) and to generate additional revenue for Commonwealth. RIA NAME typically passes on the securities clearance and settlement fees charged by Commonwealth and its clearing broker/dealer. The maximum charges are as follows:

Transaction Charges			
Stocks, ETFs, and Closed-End Funds			
Online order entry (including block trades)		\$7.95 <sup>1</sup> /\$4.95 <sup>2</sup>	
Trader assisted		\$25 <sup>1</sup>	
Bonds, CDs, CMOs, and Structured products		\$30 <sup>1</sup>	
UITs		\$20 <sup>1</sup>	
Options			
Online order entry (including block trades)		\$15 + \$1 per contract <sup>1</sup>	
Trader assisted		\$20 + \$1.25 per contract <sup>1</sup>	
Alternative Investments		\$50	
Precious Metals		\$50 <sup>1</sup>	
Mutual Funds			
	No Transaction Fee	Supporting <sup>3</sup>	Nonsupporting <sup>4,5</sup>
Buy	\$0	\$12 <sup>2</sup> /\$15 <sup>1</sup>	\$30 <sup>1</sup> /\$35 <sup>1,6</sup>
Sell	\$0 <sup>7</sup>	\$12 <sup>2</sup> /\$15 <sup>1</sup>	\$30 <sup>1</sup> /\$35 <sup>1,6</sup>
Exchange	\$0	\$0	\$30/\$35 <sup>6</sup>
PIP/SWP <sup>8</sup>	\$0	\$0	\$3

<sup>1</sup>Plus service fee of \$4 for accounts *not* enrolled in all available e-notification (e-delivery) options (excluding tax documents).

<sup>2</sup>Account *must* be enrolled in all available e-delivery options (excluding tax documents).

<sup>3</sup>Represents more than 500 supporting fund families from which Commonwealth receives revenue-sharing payments from NFS.

<sup>4</sup>Commonwealth does not receive revenue-sharing payments derived from investments in nonsupporting funds. NFS assesses Commonwealth a transaction surcharge for buys, sells, and exchanges of nonsupporting funds. Commonwealth’s transaction charges are substantially higher for nonsupporting funds to compensate Commonwealth for the absence of revenue sharing and the assessment of a transaction surcharge by NFS. These nonsupporting fund families are CGM, Dodge & Cox, and Vanguard.

<sup>5</sup>While Commonwealth does receive revenue-sharing payments from NFS that are derived from Dimensional Fund Advisors (DFA) fund assets, these payments are substantially less as a percentage of fund assets than amounts paid by supporting fund families. Commonwealth therefore classifies DFA funds as nonsupporting funds. Unlike other nonsupporting funds, NFS does not assess Commonwealth a transaction surcharge for transactions in DFA funds. Nevertheless, Commonwealth assesses the same surcharges for buy transactions in DFA funds that are noted in footnote 4 for nonsupporting funds. DFA sell transaction surcharges are identified in footnote 3 which are lower than sell transactions for other nonsupporting funds identified in footnote 4. DFA sell transactions processed through the Commonwealth’s trade desk shall be \$20. Commonwealth’s receipt of revenue-sharing payments from DFA fund assets (albeit substantially less than from supporting funds), combined with the higher transaction charges for buys generates greater revenue for Commonwealth relative to DFA fund assets than the other nonsupporting funds identified in footnote 4.

<sup>6</sup>If processed by Commonwealth’s Trade Desk.

<sup>7</sup>Funds purchased prior to their NTF effective date will still incur a transaction charge.

<sup>8</sup>Periodic investment plans (PIPs) and systematic withdrawal plans (SWPs) carry a \$100 minimum

Commonwealth assesses confirmation fees to clients to offset the asset-based fees it pays to its clearing broker/dealer and to generate additional revenue for Commonwealth.

In addition to the charges noted above, clients incur certain charges in connection with certain investments, transactions, and services in your account. In many cases, Commonwealth will receive a portion of these fees and charges or add a markup to the charges clients would otherwise pay to generate additional revenue for Commonwealth. The actual fees and charges that clients will incur are dependent upon the type of account and the nature and quantity of the transactions that occur, the services that are provided, or the positions that are held in the account. Additional fees and charges that clients will typically pay include, but are not limited to:

- Mutual fund or money market 12b-1 fees, subtransfer agent fees, and distributor fees
- Mutual fund and ETF money market management fees and administrative expenses
- Mutual fund transaction and redemption fees
- Certain deferred sales charges on mutual funds purchased or transferred into the account
- Other transaction charges and service fees
- IRA and qualified retirement plan fees
- Other charges that may be required by law
- Brokerage account fees and charges

Information describing the brokerage fees and charges that are applicable to a Commonwealth brokerage or Planning Directions Inc managed account is provided on Commonwealth's Schedule of Miscellaneous Account and Service Fees, which is available on Commonwealth's website at

[www.commonwealth.com/clients/media/Commonwealth\\_Brokerage\\_Fee\\_Schedule.pdf](http://www.commonwealth.com/clients/media/Commonwealth_Brokerage_Fee_Schedule.pdf)

Planning Directions Inc advisors may select share classes of mutual funds that pay advisors 12b-1 fees when lower-cost institutional or advisory share classes of the same mutual fund exist that do not pay Planning Directions Inc or your advisor additional fees. As a matter of policy, Commonwealth (on Planning Directions Inc behalf) credits the mutual fund 12b-1 fees it receives from mutual funds purchased or held in Planning Directions Inc managed accounts back to the client accounts paying such 12b-1 fees.

In most cases, mutual fund companies offer multiple share classes of the same mutual fund. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. Mutual funds that offer institutional share classes, advisory share classes, and other share classes with lower expense ratios are available to investors who meet specific eligibility requirements that are described in the mutual fund's prospectus or its statement of additional information. These eligibility requirements include, but may not be limited to, investments meeting certain minimum dollar amounts and accounts that the fund considers qualified fee-based programs. The lowest-cost mutual fund share class for a fund may not be offered through our clearing firm or made available by Planning Directions Inc for purchase within our managed accounts. Clients should never assume that they will be invested in the share class with the lowest possible expense ratio or cost.

Planning Directions Inc urges clients to discuss with their advisor whether lower-cost share classes are available in their program account. Clients should also ask their advisor why the funds or other investments that will be purchased or held in their managed account are appropriate for them in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged, whether the client will pay transaction charges for fund purchases and sales, whether clients will pay higher internal fund expenses in lieu of transaction charges that

could adversely affect long-term performance, and relevant tax considerations. Your advisor may recommend, select, or continue to hold a fund share class that charges you higher internal expenses than other available share classes for the same fund.

The purchase or sale of transaction-fee (“TF”) funds available for investment through Planning Directions Inc will result in the assessment of transaction charges to you, your advisor, Planning Directions Inc or Commonwealth. Although no-transaction-fee (“NTF”) funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. Depending upon the frequency of trading and hold periods, NTF funds may cost you more, or may cost Planning Directions Inc, Commonwealth or your advisor less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses.

The existence of various fund share classes with lower internal expenses that Planning Directions Inc may not make available for purchase in its managed account programs present a conflict of interest between clients and Planning Directions Inc or its advisors. A conflict of interest exists because Planning Directions Inc and your advisor have a greater incentive to make available, recommend, or make investment decisions regarding investments that provide additional compensation to Planning Directions Inc that cost clients more than other available share classes in the same fund that cost you less. For those advisory programs that assess transaction charges to clients or to Planning Directions Inc or the advisor, a conflict of interest exists because Planning Directions Inc and your advisor have a financial incentive to recommend or select NTF funds that do not assess transaction charges but cost you more in internal expenses than funds that do assess transaction charges but cost you less in internal expenses.

## **Other Forms of Compensation**

Clients should be aware that, when assets are invested in shares of mutual funds, variable insurance products, and certain alternative investments within a managed account program, clients will pay investment advisory fees to Planning Directions Inc and to the advisor for their advisory services in connection with the investments. In addition to the payments received by Planning Directions Inc and the advisor, clients will also pay management fees, mutual fund and money market 12b-1 fees, subtransfer agent fees, mutual fund and money market administrative expenses, mutual fund transaction fees, certain deferred sales charges and redemption fees on previously purchased mutual funds, annuity internal expenses and fees, and other fees charged by the investment company, insurance product, or alternative investment sponsor, which are typically charged to clients as an internal expense of the product. These internal expenses are described in the prospectus or offering document for the specific product. Clients may be able to invest directly in the investment company, insurance product, or alternative investment without incurring the investment advisory fees, platform fees, or transaction charges assessed by Planning Directions Inc or their advisor. If a client’s assets are invested in a fee-based annuity, the client will pay both the direct management fee to Planning Directions Inc and their advisor for the advisory services provided by Planning Directions Inc and the advisor in connection with that investment and, indirectly, the management and other fees charged by the underlying annuity investment options, as well as the charges assessed by the insurance company for the product. Of course, clients should also be aware of the tax implications of investing, as well as of the existence of deferred sales charges or redemption fees charged by some product sponsors for positions the client subsequently sells in Planning Directions Inc managed accounts.

## **Special Disclosures for ERISA Plans:**

In this Brochure, Planning Directions Inc has disclosed conflicts of interest, such as receiving additional compensation from third parties (e.g., 12b-1 fees, subtransfer agent fees, and revenue sharing) for providing

marketing, recordkeeping, or other services in connection with certain investments. Planning Directions Inc, however, has adopted policies and procedures that are designed to ensure compliance with the prohibited transaction rules under the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended. For example, RIA NAME has taken several steps to address the conflict of interest associated with Planning Directions Inc or Planning Directions Inc advisors’ receipt of compensation for services provided to ERISA plans.

First, an advisor negotiates the compensation with ERISA plan sponsors or participants (“ERISA clients”) and the compensation is either an annual fee for ongoing services based on a percentage of assets under advisement, a flat fee, or an hourly rate. Second, to the extent that an advisor receives additional compensation from a third party, the advisor must report it to Planning Directions Inc to enable the additional compensation to be offset against the fees that the ERISA clients would otherwise pay for the advisor’s services. Third, Planning Directions Inc has established a policy not to influence any advisor’s advice or management of assets at any time or for any reason based on any compensation that Planning Directions Inc or the advisor might receive from third parties. In no event will Planning Directions Inc allow advisors to provide advice or manage assets for ERISA clients if they have conflicts of interest that Planning Directions Inc believes are prohibited by ERISA.

As a covered service provider to ERISA plans, Planning Directions Inc will comply with the U.S. Department of Labor regulations on fee disclosures, effective July 16, 2011 (or such other date as provided by the Department). Thus, Planning Directions Inc and its advisors will disclose (i) direct compensation received from ERISA clients; (ii) indirect compensation (e.g., 12b-1 fees) received from third parties; and (iii) transaction-based compensation (e.g., commissions) or other similar compensation shared with related parties servicing the ERISA plan. These fee disclosures will be made reasonably in advance of entering into, renewing, or extending the advisory service agreement with the ERISA client.

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

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We do not offer performance-based fees.

## Item 7: Types of Clients

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Types of clients serviced by the firm will be individuals, pension plans, profit sharing plans, trusts, estates and/or charitable organizations. Our minimum account size requirement is \$250,000.00.

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

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The firm will use fundamental analysis as the method by which it analyzes securities.

Fundamental analysis involves analyzing individual companies and their industry groups, such as a company’s financial statements, details regarding the company’s product line, the experience, and expertise of the company’s management, and the outlook for the company’s industry. The resulting data is used to measure the true value of the company’s stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock’s value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

## Material Risks Involved

All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear. Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity.

Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accumulate over time to face value at maturity. The market prices of debt securities (bonds) fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket.

Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). Exchange Traded Funds (ETF's) are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

Any of the common risks described above could adversely affect the value of your portfolio and account performance, and you can lose money. Even though these risks exist, Planning Directions Inc and your advisor will still earn the fees and other compensation described in this Brochure. Clients should carefully consider the risks of investing and the potential that they may lose principal while Planning Directions Inc and your advisor continue to earn fees and other forms of compensation.

Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such may lose value.

## Item 9: Disciplinary Information

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Not applicable/None.

## Item 10: Other Financial Industry Activities and Affiliations

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The associated persons of Planning Directions, Inc. (PDI) are registered representatives of Commonwealth Equity Services, Inc. DBA Commonwealth Financial Network ("Commonwealth"). They make securities recommendations to clients through Commonwealth. Commonwealth is a FINRA registered broker/dealer and is also licensed as a broker/dealer with the states in which Commonwealth's or its representatives offer securities to clients. The Associated Persons of PDI have the choice of recommending advisory (fee-based) accounts and services, commission-based accounts, or both, to any client. When the advisor acts in capacity of a broker/dealer registered representative by recommending a commission-based account, the advisor receives transactional commissions and mutual fund and money market 12b-1 fees based upon the specific investments recommended to the client. Associated Persons of PDI's ability to recommend both fee-based and commission-based accounts and services to any particular client creates a conflict of interest for your advisor because the advice or recommendations provided by your advisor in the selecting of fee-based or commission-based accounts and services will directly impact the type, nature, amount, and duration of the compensation your advisor will receive. Planning Directions, Inc. has a fee sharing arrangement with Commonwealth.

The Associated Persons of PDI are also licensed insurance agents, with the exception of Ms. Provost. Should you choose to purchase an insurance product from your advisor, you will pay commissions for these products which are in addition to the fees you pay for financial services. The receipt of additional compensation creates a conflict of interest. You are under no obligation to purchase insurance products or services from your advisor. You may purchase insurance products from the insurance agent of your choice. Similar products and services may be available at an equal or lower cost from other sources.

Further, our advisors are restricted to only offering those products and services that have been reviewed and approved for sale to the public through Commonwealth pursuant to Commonwealth policy. For asset management fee clients, Messrs. Dunbar, Muller, Ellis, Lake Jr., and Ms. Provost do not accept any asset-based sales charge (12B-1) or service fees from the sale of mutual funds.

1. Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with us.
2. The firm charges firm fees and Messrs. Dunbar, Muller, Ellis, Lake Jr., and Ms. Provost may receive commission income as a result of product sales. Firm fees are not off-set by commission income.

In the same manner as many advisors offer asset management fee discounts to their larger clients, Commonwealth offers those advisors to whom it charges administrative fees discounts based on their total assets under management. As these advisors grow their business, Commonwealth's economies of scale are shared with those advisors by reducing the percentage amount of administrative fees that would otherwise be charged to the advisors. The advisors receive discounts on the administrative fee when they reach specified asset levels, starting at \$10 million. As the amount of the advisors' client assets grows above certain levels, the advisors receive larger percentage discounts to the administrative fees. Some advisors have negotiated a flat administrative fee with Commonwealth. Others may have negotiated a specific payout for a period of time as part of their agreement to join the firm.

Additionally, advisors with PPS AUM of at least \$25 million qualify for an increased payout percentage on their clients' PPS management fees, starting at 90.00% and rising to a maximum of 99.00% as their PPS AUM grows. These discounts in administrative fees and higher payouts for reaching various AUM levels present a conflict of interest because they provide a financial incentive for advisors who receive the discounts to recommend PPS programs or other managed or wrap account programs over other available programs that do not offer such discounts or higher payouts to the advisors. On the other hand, because Commonwealth does not assess administrative fees to advisors when they use certain other third party managed account programs depending upon the costs and fees of a particular third-party program, advisors may have a financial incentive to use one or more third party programs, which also creates a conflict of interest.

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

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Planning Directions, Inc. is in full compliance with its responsibilities under SEC Rule 204A-1 in which the firm has adopted a written code of ethics which, among other things, requires the firm's Chief Compliance Officer to monitor the personal securities transactions of associated persons, as well as to establish a framework of integrity and ethical behavior within the firm. A copy of the firm's code of ethics is available upon request to all clients and prospective clients.

The firm or individuals associated with the firm may buy or sell securities identical to those recommended to customers for their personal account.



It is the expressed policy of the firm that no person employed by the firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

The firm or any related person(s) may have an interest or position in a certain security (ies) which may also be recommended to a client.

As these situations may represent a conflict of interest, the firm has established the following restrictions in order to ensure its fiduciary responsibilities:

1. A director, officer or employee of the firm shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of the firm shall prefer his or her own interest to that of the advisory client.
2. The firm maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. These holdings are reviewed on a regular basis by Mr. Matthew Ellis, President and CCO.
3. The firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

The associated person of Planning Directions, Inc., and/or other employees of Planning Directions, Inc. may from time to time buy or sell for their own personal accounts securities which have also been recommended to clients. Any such securities transactions are likely to be insignificant in relation to the market as a whole. As a practice the transactions, if any, of Planning Directions, Inc. are executed after related client transactions have been executed. However, in all cases, full disclosure is provided to the client.

## **Investment Advice Relating to Retirement Accounts**

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 interest 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.

In addition, and as required by this rule, we provide information regarding the services that we provide to you, and any material conflicts of interest, in this brochure and in your client agreement.

## **Item 12: Brokerage Practices**

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### **The Custodians and Brokers We Use**

Planning Directions Inc does not maintain custody of your assets, although we will be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15 – Custody below).

Your assets must be maintained in an account at a “qualified custodian”, generally a broker dealer or other financial institution. We primarily recommend that our clients use National Financial Services (“NFS”), a registered broker-dealer, member SIPC, as a qualified custodian. In certain circumstances, we may also recommend the use of Charles Schwab & Co., Inc. (“Schwab”), a registered broker dealer, member SIPC, as a custodian, primarily for clients with existing accounts at Schwab. In other limited cases, we may utilize other qualified custodians to hold your assets. We are independently owned and operated and are not affiliated with NFS, Schwab, or any other qualified custodian. The qualified custodian will hold your assets in a brokerage account and buy and sell securities with our instruction. While we will recommend a qualified custodian to hold your assets, you will decide whether to do so and will open the account directly at the qualified custodian with our assistance. Conflicts of interest associated with these arrangements are described below and in Item 14 (Client Referrals and Other Compensation). You should consider these conflicts of interest when selecting your custodian.

### **How We Select Brokers/Custodians**

We seek to use custodians 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:

- Combination of transaction execution services and asset custody services
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], limited partnerships)
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services
- Competitiveness of the price of those services and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us

### **Your Brokerage and Custody Costs**

For our clients’ accounts that Planning Directions Inc maintains at either Schwab or NFS, neither Schwab nor NFS will generally charge you separately for custody services but are compensated by charging you commissions or other fees on trades that are executed or settled into your account. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features program. Commonwealth’s commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$50,000,000 of their assets in accounts at National Financial Services. For client accounts at Commonwealth, this commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. Because of these factors, to minimize your trading costs, we have either Commonwealth (via NFS) or Schwab execute trades for your account(s). We have determined that having Commonwealth/NFS or Schwab execute trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”). Clients should be aware that the costs to maintain accounts and execute transactions vary amongst custodians in the marketplace. As such, lower commissions or fees may be available from custodians other than Schwab or NFS. Clients are under no obligation to open

accounts at Schwab or NFS, but Davies Financial Advisors reserves the right to decline accounts and relationships with clients that choose to utilize another custodian.

### **Products and Services Available to Us from Commonwealth and Our Custodians**

Commonwealth Financial Network provides Planning Directions Inc with various products and services that enable us to both serve our clients and grow our business. Commonwealth (through their disclosed clearing relationships with National Financial Services and Schwab) provide us and our clients with access to its brokerage services— trading, custody, reporting, and related services. Commonwealth 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 Advisor Services is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab's retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through our firm. Like Commonwealth, Schwab makes available to our firm various support services that help us manage or administer our client accounts and other services that help us manage and grow our business. Schwab's support services are generally available to us at no charge. The following is a detailed description of the services we receive from Commonwealth, NFS and Schwab. The services provided by all three firms are substantially similar.

#### *Services That Benefit You.*

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

#### *Services That May Not Directly Benefit You.*

Commonwealth and 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 from both Commonwealth and Schwab, and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Commonwealth. In addition to investment research, Commonwealth and Schwab also make available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

#### *Services That Generally Benefit Only Us.*

Commonwealth and Schwab also offer or make available via third parties other services intended to help us manage and further develop our business enterprise. If you did not maintain your account at Commonwealth or Schwab, our firm would be required to pay for these services from our own resources. These services include:

- Complimentary or discounted attendance at conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefit providers, human capital consultants and insurance providers

- Marketing consulting and support

#### *Our Interest in Commonwealth's Services*

Our relationship with Commonwealth requires that we maintain a certain level of assets within Commonwealth's program. This creates an incentive to recommend that you establish and maintain your account with Commonwealth, based on our interest in receiving Commonwealth'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 conflict of interest.

#### *Our Interest in Schwab's Services*

The availability of the above services from Schwab benefits our firm because we do not have to pay for them. The services are not contingent upon us committing any specific amount of business to Schwab. The fact that we receive these benefits is an incentive for us to recommend the use of Schwab. This is a conflict of interest.

As a fiduciary, we are required to act in your best interests. To mitigate the above conflicts, we provide this disclosure to you so you can fully understand our relationships with Commonwealth, NFS and Schwab and the benefits both we and our clients receive from these relationships. We believe that our selection of NFS or Schwab as custodian and broker is in the best interests of our clients. Our selection of a custodian for your account is primarily supported by the scope, quality, and price of the services provided to you and not the services that benefit only us.

The firm's associated persons are registered representatives of Commonwealth Financial Network. In the event that a client freely chooses to implement the advice through Planning Directions Inc., the broker/ dealer would be Commonwealth Financial Network. As registered representatives of Commonwealth, associated persons of Planning Directions Inc. are subject to FINRA Rule 3040. This Rule limits our associated persons to offering only those products that have been reviewed and approved by Commonwealth for sale to the public.

The following statement is made by Planning Directions, Inc.: (1) Associated persons of the firm are also associated with Commonwealth Financial Network (2) Clients are under no obligation to have the firm implement any suggestions made in a written financial plan. (3) If asked to implement the suggestions of the financial plan, the firm intends to implement such financial planning, in whole or in part through products offered by Commonwealth Financial Network (4) To the extent the firm's associated persons do implement, they will be acting as agents for the broker/dealer and/or the insurance company. (5) Although the firm's associated persons are registered representatives of Commonwealth Financial Network these advisory services provided herein are basically beyond the scope of employment with the broker/dealer and these services are independent from such employment with the broker/dealer. (6) If insurance or securities products are sold, commissions would be received by the associated persons of Planning Directions, Inc. (7) Clients shall have total freedom to execute securities and/or insurance transactions with any company of their choice. (8) It is likely that the firm and/or its associated persons if asked to implement will recommend or use only the financial products offered by Commonwealth Financial Network as stated above and that the financial plan could be limited by such products.

The associated persons of Planning Directions, Inc. may suggest that financial planning clients use Commonwealth Financial Network but are free to use a broker/dealer of their choice. However, if the financial planning client wishes to implement the plan through the associated persons of Planning Directions, Inc., then the broker/dealer used must be Commonwealth Financial Network

For hourly fee clients, transactions will be charged according to Commonwealth's then-current commission schedule and clients may pay higher commission rates and other fees than otherwise available.

All firm clients may be assessed transaction fees charged by custodians and/or product sponsors which are fully disclosed to the client. These fees and expenses are separate and distinct from any financial planning fee(s) charged by associated persons of Planning Directions, Inc.

Commonwealth offers our firm and our firm's advisory representatives one or more forms of financial benefits based on our advisory representatives' total AUM held at Commonwealth. The types of financial benefits that our advisory representatives may receive from Commonwealth include, but are not limited to, enhanced payouts, and discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; and the cost of attending conferences and events. The enhanced payouts, discounts, and other forms of financial benefits that advisory representatives may receive from Commonwealth are a conflict of interest, and provide a financial incentive for advisory representatives to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits. We attempt to mitigate this conflict of interest by disclosing the conflict in this brochure and engaging in a regular review of our relationship with Commonwealth to ensure the relationship continues to be appropriate in all respects for our firm's clients.

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

Investment advisers may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. We typically do not engage in block trading; however we do have the ability to do so. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy to routinely implement all client orders on an individual basis. Therefore, we do not typically aggregate or "block" client transactions.

Considering the types of investments, we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

In the event we do decide to execute trades as a block trade, we will distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

### **Soft Dollars**

Planning Directions Inc does not use commissions to pay for research and brokerage services (i.e., soft dollar transactions). Research, along with other products and services other than trade execution, are available to Planning Directions on a cash basis from various vendors.

### **Core Account Sweep Programs ("CASPs")**

The Core Account Sweep Programs ("Program(s)") are the core account investment vehicles for eligible accounts used to hold cash balances while awaiting reinvestment. The Bank Deposit Sweep Program ("BDSP") is the core account investment vehicle for eligible brokerage accounts and advisory non-retirement accounts. The Advisory

Retirement Sweep Program (“ARSP”) is the core account investment vehicle for eligible advisory retirement accounts. The cash balance in your eligible accounts will be deposited automatically or “swept” into interest-bearing FDIC-insurance eligible Program deposit accounts (“Deposit Accounts”) at one or more FDIC-insured financial institutions (“Program Banks”). The interest rates for your Deposit Accounts may be obtained from RIA NAME, your advisor, or at [www.commonwealth.com/clients/deposit-sweep-program.aspx](http://www.commonwealth.com/clients/deposit-sweep-program.aspx). Specific features and account eligibility of CASP are further explained in the Disclosure Document provided to clients that participate in CASP.

A current version of the CASP Disclosure Document is available at [www.commonwealth.com/clients/media/BankSweepDisclosureDocument.pdf](http://www.commonwealth.com/clients/media/BankSweepDisclosureDocument.pdf).

Clients should note that, though the default options for cash held in accounts are the core account investment vehicles, clients may at any time seek higher yields in other available investment options.

Commonwealth receives fees for its services in administering CASP, as described below, and these fees create conflicts of interest and substantial financial benefits for Commonwealth. For example, the fees paid to Commonwealth for CASP reduce the interest rate paid to clients on their cash balances. The fee revenue generated by Commonwealth for one sweep option will vary compared with revenues generated for other sweep options or possible core account investment vehicles that we have used in the past or may consider using in the future. The Programs are generally more profitable to Commonwealth than other available sweep options, if any. Advisors do not receive any of the fees received by Commonwealth. Depending on interest rates and other market factors, the yields you receive on CASP may be lower than the aggregate fees received by Commonwealth for your participation in the CASP. In addition, Commonwealth financially benefits from the possession and temporary investment of cash balances prior to the deposit of such balances in a core account investment vehicle.

In addition to the CASP fees described below, advisory accounts are charged investment advisory fees based on the assets held in and services offered to advisory accounts. Except as may be agreed between you and your Advisor, cash balances in CASP, from which Commonwealth receives fees that reduce the interest rate paid to you on your cash balances, are included in the value of account assets Commonwealth uses to calculate the management fees and other asset-based fees charged to your advisory accounts.

The Program Banks use Program Deposits to fund current and new lending and for investment activities. The Program Banks earn net income from the difference between the interest they pay on Program Deposits and the fees paid to us and the income they earn on loans, investments, and other assets. As noted above, the Program Banks may pay rates of interest on Program Deposits that are lower than prevailing market interest rates that have been paid on accounts otherwise opened directly with the Program Bank. Program Banks do not have a duty to provide the highest rates available and may instead seek to pay a low rate. Lower rates will be more financially beneficial to a Program Bank. There is no necessary linkage between bank rates of interest and the highest rates available in the market, including any money market mutual fund rates. By comparison, a money market mutual fund generally seeks to achieve the highest rate of return (less fees and expenses) consistent with the money market mutual fund’s investment objective, which can be found in the fund’s prospectus.

**BDSP.** The Program creates substantial financial benefits for Commonwealth because Commonwealth receives a fee from each Program Bank in connection with the Program (equal to a percentage of all participants’ average daily deposits at the Program Banks). Prior to June 9, 2023, amounts will vary but in no event will they be more than 2.5% on an annualized basis (trailing 12 months) as applied across all Deposit Accounts in BDSP. Effective June 9, 2023, amounts will vary but in no event will they be more than an amount equal to the Fed Funds Effective Rate (FFER) plus 25 basis points (bps) on an annual basis (trailing 12 months) across all Deposit Accounts in BDSP. At its discretion, Commonwealth may reduce or raise fees and vary the amount of the reductions between clients based on market conditions. Although the fees vary from Program Bank to Program Bank, the Program pools all fees in an effort to treat clients equally, regardless of in which individual bank clients’ funds may be deposited.

The fee amount received will reduce the interest rate paid to clients by the Program Bank. Commonwealth reserves the right to modify the fees Commonwealth receives from Program Banks. From time to time, if the fee increases, you will receive notification of any such change. In addition to our fees, the program administrator will receive fees from each Program Bank (collectively, with the fees paid to us and/or NFS, "Program Fees").

**ARSP.** Commonwealth receives fees for services in connection with maintaining and administering ARSP, and therefore, ARSP provides substantial financial benefits to Commonwealth. The account interest received will be the net of the gross interest paid by the Program Banks, less the fees paid to the Program administrator, NFS, and Commonwealth.

**ARSP – Commonwealth Fees.** Commonwealth's fees are based on a fixed formula and vary based on factors such as the Federal Funds Effective Rate ("FFER"), total assets in advisory accounts participating in ARSP, and the number of accounts in ARSP. Commonwealth's fee will be the sum of two fees: (i) a variable fee ("Variable Fee"), and (ii) a per-account fee ("Account Fee").

**ARSP - Variable Fee.** The Variable Fee is calculated according to a formula that is based on a variable fee rate ("Variable Fee Rate") applied to a fixed representation (4%) of cash balances ("Representative Amount") of total assets in accounts participating in ARSP. The Variable Fee Rate is based on FFER. When FFER is 1%, the Variable Fee Rate is 95 basis points. As FFER increases above 1%, the Variable Fee Rate is 95 basis points plus 30% of the change in the underlying market interest rate as measured by FFER. When FFER declines below 1%, the Variable Fee Rate is 95 basis points minus the percentage point difference between 1% and FFER. The minimum Variable Fee Rate applied is 15 basis points (0.15%). Commonwealth reserves the right to temporarily reduce or waive this minimum variable fee at any time. Prior to June 9, 2023, amounts will vary, but in no event will the Variable Fee be more than an average of 2.5 % the Representative Amount on an annualized basis (trailing 12 month). . Effective June 9, 2023, amounts will vary, but in no event will they be more than an amount equal to FFER plus 25 basis points on an annual basis (trailing 12 months) across the Representative Amount. This maximum Variable Fee does not include the Account Fee. Commonwealth's fees under ARSP are not affected by the actual amounts held in the Deposit Accounts but will vary with the FFER.

The current FFER can be found at [www.federalreserve.gov/monetarypolicy/openmarket.htm](http://www.federalreserve.gov/monetarypolicy/openmarket.htm).

**ARSP - Account Fee.** The Account Fee is \$1 per account each month and applied when the average monthly FFER from the prior month exceeds 1.10%.

**Ineligible Accounts.** Certain Fidelity money market funds and, in limited instances interest bearing cash sweeps, serve as the core account investment vehicle for ineligible accounts. New accounts opened at Commonwealth will be invested in the Fidelity Government Money Market Fund (SPAXX). Accounts that were opened before SPAXX was the core investment vehicle are invested in other Fidelity money market funds., additional compensation from Fidelity based on the average fund balances held in these money market funds. For information about a money market mutual fund, including interest rates and yield, all charges and expenses, investment objectives, and risks, refer to the fund's prospectus. Read the prospectus carefully before you invest or send money.

**Alternatives to Core Account Investment Vehicles.** Commonwealth is not obligated to offer you any core account investment options or to make available to you CASP investments that offer a rate of return that is equal to or greater than other comparable investments. If you do not want to participate in a Program, or for ineligible accounts the designated core investment vehicle, you may give your advisor direction to invest your funds in other investments available through Planning Directions Inc.

Unlike using a core investment option, cash balances in your advisory accounts will not automatically sweep into these other investments. Therefore, any cash in an account will be held in a core investment option until instructions have been given to your advisor to invest your funds in other investments available through Planning Directions Inc.

### **NTF Program**

Additionally, NFS offers an NTF program composed of no-load mutual funds. Participating mutual fund sponsors pay a fee to NFS to participate in this program, and a portion of this fee is shared with Commonwealth. None of these additional payments is paid to Planning Directions Inc or any advisors who sell these funds. NTF mutual funds may be purchased within an investment advisory account at no charge to the client. Clients, however, should be aware that funds available through the NTF program often contain higher internal expenses than mutual funds that do not participate in the NTF program. Commonwealth's receipt of a portion of the fees associated with the NTF program creates a conflict of interest because Commonwealth has an incentive to make available those products that provide such compensation to NFS and Commonwealth over those mutual fund sponsors that do not make such payments to NFS and Commonwealth. While Planning Directions Inc does not receive additional compensation from NFS or Commonwealth based on the particular investment (potentially including one or more NTF funds), Planning Directions Inc's menu of investment options is limited to investments made available by Commonwealth. Thus, clients may be impacted by the conflict of interest previously described in this paragraph. As stated previously, Planning Directions Inc regularly evaluates our relationship with Commonwealth to ensure it remains appropriate for the firm and our clients.

The investment advisory services provided by Planning Directions Inc may cost the client more or less than purchasing similar services separately. Clients should consider whether the appointment of Commonwealth as the sole broker/dealer may result in certain costs or disadvantages to the client as a result of possibly less favorable executions. Factors to consider include the type and size of the account and the client's historical and expected account size or number of trades.

## **Item 13: Review of Accounts**

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We strongly suggest that clients submit to a review on at least an annual basis. Clients are advised that a change in their personal situation, financial situation or laws should trigger a review, even if more frequently than on an annual basis. These reviews will be performed by Mr. Muller, Mr. Ellis, Mr. Lake Jr. and/or Ms. Provost. With respect to financial planning clients, an annual review is recommended. With respect to asset management clients, a semi-annual review shall be undertaken for most clients.

Clients will be provided statements at least quarterly directly from account custodian where your assets are maintained. Additionally, you will receive confirmations of all transactions directly from account custodian. All non-retirement accounts and retirement accounts for those clients taking distributions will receive an annual tax reporting statement. In addition, at least once a year, all managed account clients will receive a performance report. You should compare the report with statements received directly from the account custodian(s). Should there be any discrepancy; the account custodian's report will prevail.

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

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We do not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients. Nor do we directly or indirectly compensate any person who is not advisory personnel for client referrals.



## **Our Relationship with Commonwealth:**

Planning Directions Inc receives an economic benefit from Commonwealth in the form of the support, products and services Commonwealth makes available to us and other investment advisors whose clients maintain their accounts on Commonwealth's platform. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 of this brochure.

Our access to Commonwealth's products and services is not conditioned on our firm or our advisors giving particular investment advice, such as buying particular securities for our clients. Product vendors recommended by Planning Directions Inc may provide monetary and non-monetary assistance for the purposes of funding marketing, distribution, business and client development, educational enhancement and/or due diligence reviews incurred by Planning Directions Inc or our advisors relating to the promotion or sale of the product vendor's products or services. We do not select products as a result of the receipt or potential receipt of any monetary or non-monetary assistance. Planning Directions Inc's due diligence of a product does not take into consideration any assistance it may receive. While the receipt of products or services is a benefit for you and us, it also presents a conflict of interest. We attempt to mitigate this conflict of interest by:

- Informing you of conflicts of interest in our disclosure document and agreement;
- Maintaining and abiding by our Code of Ethics which requires us to place your interests first and foremost;
- Advising you of the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.

Commonwealth offers our firm and our firm's advisory representatives one or more forms of financial benefits based on our advisory representatives' total AUM held at Commonwealth or financial assistance for advisory representatives transitioning from another firm to Commonwealth. The types of financial benefits that our advisory representatives may receive from Commonwealth include, but are not limited to, forgivable or unforgivable loans, enhanced payouts, and discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; licensing and insurance costs; and the cost of attending conferences and events. The enhanced payouts, discounts, and other forms of financial benefits that advisory representatives may receive from Commonwealth are a conflict of interest and provide a financial incentive for advisory representatives to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits. We attempt to mitigate this conflict of interest by disclosing the conflict in this brochure and engaging in a regular review of our relationship with Commonwealth to ensure the relationship continues to be appropriate in all respects for our firm's clients.

### *Our Relationship with Schwab*

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us. We benefit from the products and services provided because the costs of these products and services would otherwise be borne by our firm. As noted previously, this creates a conflict of interest. You should consider this, and other conflicts of interest described in this brochure when deciding to engage our firm for services and/or use Schwab as your account custodian.

## **Item 15: Custody**

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Our firm does not maintain physical custody of any client fund or securities. Under the rules of the Investment Advisers Act of 1940, we are deemed to have custody of your assets despite not having physical custody in certain

instances. For example, if you authorize us to instruct your custodian to deduct our advisory fees directly from your account or if you establish certain first party and/or any third-party Standing Letters of Authorization (SLOAs) to move money from your account with us to a different account, we are deemed to have custody. Our firm complies with certain safe harbor provisions and is therefore exempt from the annual surprise custody examination requirement for Advisers that have custody due to the existence of SLOAs.

Planning Directions Inc maintains a relationship with Commonwealth who, as described previously in this brochure, maintains a primary clearing relationship for the execution of client transactions with NFS as the account custodian, and a secondary clearing relationship for the execution of client transactions with Schwab as the account custodian. Substantially all of our advisory clients must select Commonwealth or Schwab as the broker/dealer of record and NFS or Schwab as the clearing firm for their managed accounts. In all cases, the name and address of the account custodian will be identified in the respective managed account client agreement.

Clients who establish a managed account with Planning Directions will receive custodial account statements directly from the respective custodian that holds those assets, such as NFS, Schwab, or a direct product sponsor. Clients should carefully review the statements they receive from their account custodians and should promptly report material discrepancies to Planning Directions.

Planning Directions clients may also receive portfolio summary or performance reporting for their managed accounts from us or their advisor that are in addition to the account statements clients receive directly from the respective account custodian. We urge you to compare the account statements you receive from your account custodian with any account summary statements or reports you receive from us or your advisor. Although account holdings and asset valuations should generally match, for purposes of calculating performance and account valuations on your account, OUR summary or performance reporting month-end market values sometimes differ from custodial account statement month-end market values. The three most common reasons why these values may differ are differences in the manner in which accrued interest is calculated, the date upon which “as of” dividends and capital gains are reported, and settlement date versus trade date valuations.

If you believe there are material discrepancies between your custodial statement and the summary statements or reports you receive from us, or your advisor, please contact Planning Directions directly.

We do not have custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

For client accounts when we directly debit our advisory fee:

- i. Planning Directions, Inc. has authorized Commonwealth Financial Network to generate a fee statement, which are reviewed by Planning Directions, Inc. and mailed to client.
- ii. The custodian will send at least quarterly statements to the client showing all disbursements for the account, including the amount of the advisory fee.
- iii. The client will provide written authorization to us, permitting Planning Directions, Inc. to be paid directly from their accounts held by the custodian.

## Item 16: Investment Discretion

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For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. This authorization grants to Planning Directions Inc and your advisor the discretion to buy, sell, exchange,

convert, or otherwise trade in securities and/or insurance products, and to execute orders for such securities and/or insurance products with or through any distributor, issuer, or broker/dealer as Planning Directions Inc or your advisor may select. Your advisor may, without obtaining your consent, determine which products to purchase or sell for your managed account, as well as when to purchase or sell such products, and the prices to be paid. Neither Planning Directions Inc nor your advisor, however, is granted authority to take possession of your assets. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client.

## Item 17: Voting Client Securities

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We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding. We do not have custody of client funds or securities or require or solicit client prepayment in advance.