

**Item 1: Cover Page for Part 2A of Form  
ADV: Firm Brochure  
March 2024**

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This brochure provides information about the qualifications and business practices of Capital Planning Advisors, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (916) 286-7650 or email ([info@capitalplanningadvisors.com](mailto:info@capitalplanningadvisors.com)). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

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

Please note that the use of the term "registered investment adviser" and description of Capital Planning Advisors, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure**

Capital Planning Advisors, LLC is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Since our last annual amendment, we have the following material changes to report:

- We have added specificity to our billing policies as they pertain to illiquid alternative and private equity investments. Please see Item 5 below for further details.
- We have added language to Items 12 & 14 below describing our receipt of economic benefits from Charles Schwab & Co.
- As a result of a merger announced in 2019, we have transitioned from TD Ameritrade to Charles Schwab & Co. as our recommended custodian.

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## Item 4: Advisory Business

We specialize in the following types of services: Comprehensive Portfolio Management, Financial Planning & Consulting, and Retirement Plan Management and Consulting.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of California in 2014. BlueSpring Wealth Partners, LLC is our principal owner. BlueSpring is the principal owner of numerous RIAs, all of whom our firm has disclosed in our ADV Part 1.

### Description of the Types of Advisory Services We Offer.

#### (i) Comprehensive Portfolio Management:

Our Comprehensive Portfolio Management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities, including alternative investments such as REITs and BDCs, as well as other public and private securities.

Suitable categories of investments are selected in accordance with the clients' attitudes about risk and their need for capital appreciation or income production, with tax considerations of all transactions weighted heavily. Within each category, individual securities are selected whose characteristics are most consistent with the particular objectives for which the category was chosen. Risk factors of the different investments are considered, particularly in light of the clients' willingness to assume risk.

Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

The financial planning component of this service is designed to help our firm develop a holistic asset allocation strategy tailored to each individual client. For those with unique supplementary financial planning/consulting needs beyond typical personal financial planning, we may require a separate Financial Planning Agreement be executed.

Our firm occasionally utilizes the sub-advisory services of a third-party investment advisory firm or individual advisor to aid in the implementation of an investment portfolio designed by our firm. Before selecting a firm or individual, our firm will ensure that the chosen party is properly licensed or registered. Our firm will not offer advice on any specific securities or other

investments in connection with this service. We will provide initial due diligence on third party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a third-party money manager, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review third party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third-party money manager. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

(ii) Financial Planning & Consulting:

We provide a variety of financial planning and consulting services to companies, individuals, families, trusts, and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives.

This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Business and Succession Planning, Business Consulting, Executive Benefit Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise business succession plans, retirement plans, investment programs, insurance programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

(iii) Retirement Plan Management & Consulting:

We provide retirement plan management and consulting services to employer plan sponsors on a onetime or ongoing basis. Generally, such services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

Retirement Plan Management and Consulting services typically include:

- Establishing an Investment Policy Statement – In connection with the Plan Sponsor, may develop a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options - We will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes. When granted the authority we will perform quarterly rebalancing and execute transactions on a discretionary basis.
- Asset Allocation and Portfolio Construction – We will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring. We will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.

In providing services for retirement plan management and consulting, we do not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”) Non-Excluded Assets are “Included Assets”.

All retirement plan management and consulting services shall be in compliance with the applicable state laws regulating retirement services.

This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Management and Consulting Agreement with respect to the provision of services described therein.

(iv) Third Party Management Services:

Institutional clients may retain us as a third-party manager to provide ongoing portfolio management to select accounts. Pursuant to a third-party management agreement, the primary adviser will engage our firm to manage specific accounts identified by the primary adviser and accepted by our firm. The assets of each third-party account will be held by a qualified custodian acceptable to our firm. The client is responsible for establishing and maintaining the third-party account with their custodian of choice.

Individual Tailoring of Advice to Clients.

We offer individualized investment advice to clients utilizing our Comprehensive Portfolio Management and Third-Party Management services. Additionally, we offer general investment advice to clients utilizing our Financial Planning & Consulting, Retirement Plan Management and Consulting.

Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may

not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Comprehensive Portfolio Management services and Retirement Plan Management and Consulting service. We do not manage assets through our other services.

#### Participation in Wrap Fee Programs.

We do not offer wrap fee programs.

#### Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis as of December 2023.

We manage<sup>1</sup> \$1,132,589,001 on a discretionary basis and \$4,341,989 on a non-discretionary basis for a total of \$1,136,930,990 Assets Under Management.

### **Item 5: Fees & Compensation**

#### (i) Comprehensive Portfolio Management:

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
Any Assets	Up to 1.50%

Our firm's fees are billed on a pro-rata annualized basis in arrears based on the value of your account on the last day of the previous month, accounts may be billed monthly or quarterly depending on your individual agreement. We bill on an estimated 360-day year (90 day quarters) with adjustments made for deposits and withdrawals. For illiquid securities that are not valued on a daily basis, our fees will be based on the most recently available valuation. Unless otherwise agreed to in writing, our advisory fees will be assessed on cash and cash equivalents. Fees may be negotiated in certain instances.

Fees will be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us and any sub-advisers utilized to be directly paid by these terms;
- c) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940 that urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements

\*In rare cases, we will agree to direct bill clients.

<sup>1</sup> Please note that our method for computing the amount of "client assets we manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A of Form ADV. We have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute "client assets we manage," we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our "as of" date must not be more than three months before the date we last updated our Brochure in response to Item 4.E of Form ADV Part 2A.

The maximum annual fee charged to clients utilizing Third Party Managers will not exceed the maximum fee published above for this service. Our firm will debit fees for this service as laid out in the executed advisory agreement between the client and our firm. This fee shall be in addition to any fees assessed by the chosen third-party money manager. The third-party money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them. Third party money managers establish and maintain their own separate billing processes over which we have no control. They will directly bill you and describe how this works in their separate written disclosure documents.

(ii) Financial Business and Succession Planning & Consulting:

We may choose to charge on an hourly basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you.

The fee-paying arrangements for financial planning and consulting services will be determined on a case-by-case basis and will be detailed in the signed Financial Planning/Consulting Agreement. The maximum fee for this service will not exceed \$350/ hour and clients will be invoiced each month directly for the fees.

(iii) Retirement Plan Management & Consulting:

We charge on an hourly, flat fee or a percentage of Plan assets for Retirement Plan Management and Consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our fee is \$200 per hour for financial advisors and \$350 per hour for senior financial advisors. Fees based on a percentage of managed Plan assets will not exceed 1.50%.

The fee-paying arrangements for Retirement Plan Management and Consulting service will be determined on a case-by-case basis and will be detailed in the signed Retirement Plan Management and Consulting Agreement. For Retirement Plan Management and Consulting clients we serve as a designated 3(21) fiduciary we charge a minimum fee of \$7,500. For Retirement Plan Management and Consulting Clients we serve as a designated 3(38) fiduciary we charge a minimum fee of \$7,500. The minimum fee is negotiable depending on individual client circumstances.

(iv) Third Party Management Services

We are compensated by primary advisers for services rendered to their clients. This compensation is either equal to a percentage of the overall investment advisory fee charged by the primary adviser, or flat percentage amount agreed to in the executed agreement. The advisory fee paid to us shall be negotiable in certain circumstances but shall never exceed 1.50% of Assets Under Management. The terms and conditions under which the client shall engage us shall generally be set forth in separate written agreements between the client and our firm and the client and the primary adviser. These services are not available to retail clients.

Other types of fees or expenses.

Clients will incur transaction fees for trades executed by their chosen custodian, either based on a percentage of the dollar amount of assets in the account(s) or via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen



custodian. Charles Schwab & Co., Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

#### Termination and Refunds.

We charge our advisory fees monthly in arrears. If you wish to terminate our services, you need to contact us in writing and state that you wish to cancel the advisory agreement. Upon receipt of your letter of termination, we will proceed to close out your account and charge you a pro-rata advisory fee(s) for services rendered up to the effective date of termination. ERISA plans require to give a 30-day written notice delivered to the other party and depending on upfront costs incurred, may be subject to early termination clause if services are terminated within the first year.

#### Commissionable Securities Sales.

We do not sell securities for a commission in our advisory accounts.

### **Item 6: Performance-Based Fees & Side-By-Side Management**

We no longer charge performance-based fees.

### **Item 7: Types of Clients & Account Requirements**

We expect to have the following types of clients:

- Individuals and High Net Worth Individuals;
- Institutional Clients;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types

Our requirements for opening accounts or otherwise engaging us:

- We generally require a minimum household balance of \$500,000 for our Comprehensive Portfolio Management service.
- We generally charge a minimum fee of \$2,500 for written financial plans.

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

**Methods of Analysis:**

- Charting;
- Cyclical;

- Fundamental;
- Technical;

**Investment Strategies We Use:**

- Long Term Purchases (Securities Held At Least a Year);
- Short Term Purchases (Securities Sold Within a Year);

We attempt to globally diversify portfolios across different asset classes and utilize different investment strategies in order to control the risk associated with traditional markets.

The investment strategy for each client is customized to reflect client objectives, individual tolerance for risk, by the current economic and financial market environment and by investment needs required to meet individual client goals. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy and any parameters they wish to place on Capital Planning Advisor's investment management of their portfolio.

Capital Planning Advisor's investment strategies do not involve frequent trading, although clients making deposits and withdrawals require more frequent trades.

Primary portfolio strategies include long term purchases, short term purchases, and Covered Calls.

**Please Note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss.

It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

Investment strategies used by Capital Planning Advisors for client portfolios involve direct and indirect investments in securities markets. Our investment approach constantly keeps the risk of loss in mind. Investors face the following risks either through direct or indirect ownership of securities: Interest rate risk, market risk, inflation risk, currency risk, reinvestment risk, business risk, liquidity risk and general financial risk.

Investment securities are chosen for each client account as per individual client circumstances. Capital Planning Advisors does not rely on any one type of investment security in managing client portfolios. We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Comprehensive Portfolio Management as applicable.

**Private Funds:** A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments which create unique risk factors. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited

to a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee along with a performance component. In many cases, the fund's managers may become "partners" with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as "PPM" for short.

The PPM covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund. The primary risks of private funds include the following: (a) Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes; and (b) Private funds are subject to various other risks, including risks associated with the types of securities that the private fund invests in or the type of business issuing the private placement.

**Cryptocurrency Products:** We may recommend investment in digital (crypto) currency products. These products may be an illiquid private placement or structured as a trust or exchange traded fund which pool capital together to purchase holdings of digital currencies or derivatives based on their value. Such products are extremely volatile and are suitable only as a means of diversification for investors with high risk tolerances. Furthermore, these securities carry very high internal expense ratios, and may use derivatives to achieve leverage or exposure in lieu of direct cryptocurrency holdings. This can result in tracking error and may sell at a premium or discount to the market value of their underlying holdings. Security is also a concern for digital currency investments which make them subject to the additional risk of theft.

**Alternative Investments:** Hedge funds, commodity pools, Real Estate Investment Trusts ("REITs"), Business Development Companies ("BDCs"), and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification.

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

### **Item 10: Other Financial Industry Activities & Affiliations**

Our firm has a wholly owned insurance subsidiary, Capital Independent Insurance Services, LLC (CIIS) and some of our IARs are also insurance licensed. As such, they may offer insurance products and CIIS may receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation to CIIS. To mitigate these potential conflicts, our firm and its representatives, as fiduciaries, will act in the client's best interest.

BlueSpring Wealth Partners, LLC is our principal owner. BlueSpring is the principal owner of numerous RIAs and other financial services providers, all of whom our firm has disclosed in our ADV Part 1. Aside from the shared ownership, our firm has no business or operational ties to these other firms that could create any potential conflicts of interest.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics.

However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Additionally, our related persons may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 24 hours prior to buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## Item 12: Brokerage Practices

### Custodians & Brokers Used

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if give the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. (“Schwab”), FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

### How Brokers/Custodians Are Selected

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

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with Charles Schwab & Co (Schwab). Schwab is an independent SEC-registered broker-dealer. Schwab offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

Schwab may make certain research and brokerage services available at no additional cost to our firm all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Schwab may include research reports on recommendations or other information about, particular companies or industries; economic

surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab to our firm in the performance of our investment decision-making responsibilities.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above, we may have an incentive to continue to use or expand the use of Schwab's services. Our firm examined this potential conflict of interest when we chose to enter into this relationship and we have determined that such relationships are in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for debt securities transactions). Schwab enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Our custodial commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Schwab may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to Schwab that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Our firm does not receive brokerage commissions for client referrals. Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of Schwab. Each client will be requested to establish their account(s) with Schwab if not already done. Please note that not all advisers have this requirement.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. 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 retail

customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

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

**Services that do not directly benefit you.** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own 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 Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- 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.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and compliance related needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support
- Recruiting and custodial search consulting.

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. [Schwab also provides us with other benefits, such as occasional business entertainment of our personnel.] If you did not maintain your account with Schwab, we would be required to pay for those services from our own resources. This creates an incentive for us to recommend client's hold their accounts with Schwab. To mitigate this conflict, we will adhere to our fiduciary duty to place client interests ahead of our own.

### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf [once the value of our clients' assets in accounts at Schwab reaches certain thresholds]. [These services are not contingent upon us committing any specific amount of business to Schwab in trading

commissions or assets in custody.] The fact that we receive these benefits from Schwab is an incentive for us to [recommend/request/require] the use of Schwab rather than making such a decision based exclusively 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. [In some cases, the services that Schwab pays for are provided by affiliate of ours or by another party that has some pecuniary, financial or other interests in us (or in which we have such an interest). This creates an additional conflict of interest.] We believe, however, that taken in the aggregate our [selection/recommendation] of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

We may allow clients to direct brokerage trades outside of our recommendation. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Item 13: Review of Accounts or Financial Plans**

We review accounts on at least a quarterly basis for our clients subscribing to our Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews. We provide written reports to clients on at least an annual basis for clients who subscribe to our Comprehensive Portfolio Management service.

Each Comprehensive Portfolio Management client will have an Investment Policy Statement (IPS) prepared to guide these reviews. However, the IPS only serves as guide, and our Portfolio Managers



may deviate from the parameters of this document when a review warrants as much based on current market conditions.

Retirement Plan Management and Consulting clients receive reviews of their retirement plans for the duration of the Retirement Plan Management and Consulting service. We also provide ongoing services to Retirement Plan Management and Consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Management and Consulting clients receive written reports on at least an annual basis.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

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

### **Charles Schwab & Co.**

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We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain size. [In some cases, a recipient of such payments is an affiliate of ours or another party which has some pecuniary, financial or other interests in us (or in which we have such an interest).] You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

### **Product Sponsors**

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Representatives of our firm will occasionally accept travel expense reimbursement provided by product sponsors in order to attend their educational events. The reimbursement is not directly dependent upon the recommendation of any specific product. Although we may be incentivized to recommend products from product sponsors that reimburse our travel, our representatives will always adhere to their fiduciary duty in recommending appropriate investments for our clients.

### **Referral Fees**

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We no longer pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm.

### **Item 15: Custody**

We do not have custody of client funds or securities (except in the limited case of Standing Letters of Authorization as described below). All of our clients receive at least quarterly account statements directly from their custodians.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16: Investment Discretion**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

### **Item 17: Voting Client Securities**

We do not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Clients maintain responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore, our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

### **Item 18: Financial Information**

We are not actively engaged in any other business other than giving investment advice. Our firm and management persons have not been involved in any arbitration awards, found liable in any civil, self-regulatory organization or administrative proceedings or have any relationships with issuers or securities apart from what is disclosed above. We have never been the subject of a bankruptcy proceeding.

Our firm does not have compensation arrangements connected with advisory services which are in addition to our advisory fees. Our management persons and representatives do not engage in other financial industry activities or affiliations.

As a fiduciary, we always put our Client's interest above our own. Information regarding participation of interest in client transactions can be found in our Code of Ethics as well as Item 12 of this Brochure. You may obtain a copy of our Code of Ethics by contacting Mr. Hansen, Chief Compliance Officer at (916) 286-7650.