



## **PART 2A OF FORM ADV – BROCHURE**

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**March 26, 2012**

This Brochure provides you information about the qualifications and business practices of Planning Alternatives, Ltd. (referred to in this Brochure as “us,” “we,” “our” or the “firm”). If you have any questions about the contents of this Brochure, please contact us at (248) 645-1520 or [info@planningalt.com](mailto:info@planningalt.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

We are a registered investment adviser. Registration of an adviser does not imply any level of skill or training.

Additional information about us also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **SUMMARY OF MATERIAL CHANGES**

This Summary of Material Changes is a new requirement under the “Amendments to Form ADV” which was published by the SEC on July 28, 2010. Under the Amendments to the Form ADV, we may provide you with this Summary of Material Changes dated March 26, 2012, detailing any material changes that we made to our Brochure since the last annual update we provided to clients dated March 26, 2011, in lieu of sending a full copy of our Brochure to all of our clients.

### ***Change in Ownership (Shareholders)***

On January 1, 2012, Nathan M. Mersereau and Edwin B. Shaw became 50% owners each of Planning Alternatives, Ltd. William H. Vanover is no longer a shareholder of the firm or our Chief Compliance Officer however; he remains on our investment committee and also serves as a Wealth Advisor.

### ***Chief Compliance Officer***

Daniel E. Cook became our new Chief Compliance Officer on January 1, 2012.

### ***WealthCare Advisors, LLC***

In November 2011, we formed a new company, WealthCare Advisors, LLC (“WealthCare”), owned 50% each by Planning Alternatives, Ltd. and Physician Holding Company, a subsidiary of the Michigan State Medical Society. The company was formed to provide financial planning and investment management services to the member and employees of the Michigan State Medical Society and other medical professionals primarily in the State of Michigan. Planning Alternative acts as a sub-advisor to WealthCare and provides all financial planning investment management services to the company. Nathan M. Mersereau, our President, is also President and Chief Executive Officer of WealthCare and our Chief Compliance Officer, Daniel E. Cook holds the same position for WealthCare.

### ***Additional Information***

To request a copy of our Brochure or the Program Brochure please contact Daniel E. Cook, our Chief Compliance Officer, at (248) 645-1520 or [dan.cook@planningalt.com](mailto:dan.cook@planningalt.com).

Additional information about us is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with us who are registered, or are required to be registered, as one of our investment adviser representatives of us.

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## **ADVISORY BUSINESS**

### **Our Owners and Principals**

Planning Alternatives, Ltd. has been providing investment management and financial planning services to our clients since 1982. In April 2009, we combined the business operations of another investment advisor, Oakland Wealth Management, Inc. with our business. At that time, Nathan Mersereau, the President of Oakland Wealth Management, became an owner of Planning Alternatives, Ltd. and our President.

We must inform you of any persons owning twenty-five percent (25%) or more of our firm's outstanding stock. Nathan Mersereau and Edwin Shaw each own more than twenty-five percent (25%) of our firm's stock.

### **Our Advisory Services**

We offer investment management, advisory services and financial planning services, explained in more detail below.

#### ***Investment Management Services***

We provide investment management services for clients on a discretionary basis. If you engage us, we will assist you in gathering the information necessary for us to understand your individual investment objectives, financial circumstances, and risk tolerance. We will use this information to prepare an investment policy statement. Based upon your investment policy statement we will generally recommend investment in one of our PrinciPAL Strategies. We request that you promptly update, in writing, any changes to your financial goals or financial circumstances. The portfolios we recommend may be composed of mutual funds, exchange traded funds (ETFs) or individual securities. You may impose restrictions on investing in certain securities or types of securities.

We will take into consideration the factors and regulations prescribed by the Employee Retirement Income Security Act of 1974 (ERISA) for retirement plans that are subject to ERISA.

#### ***Investment Management as 3(38) Fiduciary Manager for Qualified Plans***

We provide investment management services to qualified retirement plans which are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). As part of our services to qualified plans, we will act as an ERISA 3(38) fiduciary manager. This means that we accept the fiduciary responsibility for the selection of your investments.

For all qualified plan clients, we start by assisting with the creation and maintenance of your investment policy statement. Your investment policy statement may place restrictions on the types of investments the plan may invest assets in. We then use our investment process to select and recommend the mutual funds and, at times, ETFs that comprise your plan's investment menu. We ensure that the recommended investment options are permitted investments under

your investment policy statement. We continually monitor the performance of all investment options.

### ***401(k) Advisory Services***

Generally, we will prepare an initial asset allocation for clients that participate in a 401(k) program. After considering your goals and risk tolerance, we will make suggestions on how you might allocate plan assets among the investment options provided by your plan sponsor. You may implement investment recommendations or we, with your authorization and current personal identification number, will execute any agreed upon allocation changes. With your authorization, we will have limited discretionary authority to rebalance your 401(k) assets on a quarterly basis, according to your pre-approved allocation guidelines.

### ***Selection of Other Investment Managers***

We may also recommend investment platforms available through unaffiliated third party investment management firms in an effort to help you meet your investment objectives. Based upon your individual needs, we will recommend strategies, provide advice regarding the selection of investment advisors, managers, mutual funds and other investment products. In such cases, we remain the primary Advisor and contact for you even while you utilize the services of outside firms. We will monitor and report on investments for some or all of your accounts managed by other investment advisors based upon our agreement with you. You are under no obligation to act upon any of our recommendations.

### ***Financial Planning Services***

If you engage us to provide personal financial planning advice, we enter into a financial planning and consultation agreement with you. We will outline the terms and conditions of our engagement and describe our fee and scope of our services. Such advice may encompass recommendations regarding estate, tax, insurance, education, business, and retirement as well as investment planning.

Initially, we consult with you to gather information about your current financial situation, goals, objectives, risk tolerance, and any special or particular circumstance unique to you. After analyzing your individual circumstances, objectives and risk profile, we present our recommendations to you in writing. When we provide financial planning services, we will rely on the information you provide to us. We will not verify this information when preparing our recommendations.

As part of your financial plan, we may recommend other services we offer or the services of other professionals to implement our recommendations. While recommending our own services may present a conflict of interest, you are under no obligation to act upon any of our recommendations and you are not required to engage the services of any recommended professional, including us as an investment manager. You retain absolute discretion over all financial planning implementation decisions and may accept or reject any of our recommendations. It

is your responsibility to notify us promptly if there is any change in your financial situation or investment objectives so that we may review, evaluate, or revise our previous recommendations.

### **Assets Under Management**

We manage your assets on either a discretionary or a nondiscretionary basis. As of December 31, 2011, we had \$450,300,000 in client assets managed on a discretionary basis.

## **FEES AND COMPENSATION**

### **Investment Management Fee Schedule**

Although our fees for our services may be negotiated under certain circumstances, our standard fee schedule is as follows:

#### **Equity Based Strategies**

<u>Risk Profile</u>	<u>Portfolio Name</u>
Aggressive	Growth
Moderately Aggressive	Growth & Income
Moderate	Balanced
Moderately Conservative	Conservative Balanced

#### **Corresponding Fee Schedule**

<u>Value of Account(s)</u>	<u>Annual Fee</u>
\$0 - \$1,500,000	1.00%
Next \$3,500,000	0.50%
Next \$5,000,000	0.35%
Amount greater than \$10,000,000	0.25%

#### **Income Based Strategies**

<u>Risk Profile</u>	<u>Portfolio Name</u>
Conservative	Income
Conservative	Fixed Income

#### **Corresponding Fee Schedule**

<u>Value of Account(s)</u>	<u>Annual Fee</u>
\$0 - \$1,500,000	.75%
Next \$3,500,000	.50%
Next \$5,000,000	.35%
Amount greater than \$10,000,000	.25%

### **Short-Term Strategies**

#### *Risk Profile*

#### *Portfolio Name*

Conservative – Typically  
needed within two years

Ultra-Short-Term Fixed Income

Conservative – Typically  
needed two years or more

Short-Term Fixed Income

### **Corresponding Fee Schedule**

Short-Term Strategies are billed separately at 0.25% per year. We do not aggregate Short-Term strategies with either the Equity or Income Based Strategies listed above.

The specific manner in which we charge fees is established in our written investment management agreement with you. Your fees will be calculated based upon the overall strategy, either an equity or income based strategy, as defined in your investment policy statement using the fee schedule above.

After March 31, 2011, our fees for new accounts are billed quarterly, in arrears, on calendar-year quarters, based upon the ending market value on the last trading day of the quarter. All existing accounts, previously billed based on an annualized percentage of assets in the account, are in the process of transitioning to the same method as used for new clients as they sign updated investment management contracts.

Because we are compensated based on the total value of assets we are managing for you, a conflict arises whenever you seek advice from us that would reduce the assets under our management - because reducing the assets under our management will, in turn, reduce our fees. For example, if you withdraw funds to pay off a home mortgage, our investment management fees will be reduced.

### **Investment Management as 3(38) Fiduciary Manager for Qualified Plans**

Although our fees for our investment management services to our qualified plan clients may be negotiated under certain circumstances, our standard fee schedule is as follows:

#### **Qualified Plans Corresponding Fee Schedule**

<u><i>Value of Account(s)</i></u>	<u><i>Annual Fee</i></u>
\$0 - \$1,500,000	.75%
Next \$3,500,000	.50%
Next \$5,000,000	.35%
Amount greater than \$10,000,000	.25%

The specific manner in which we charge fees is established in our written investment management agreement. We bill our fees quarterly, in arrears, based upon the end of quarter value of the Plan assets in the account in accordance with the fee schedule above.

### **Investment Management and Individual 401(k) Participant Advisory Services**

Generally, our fees for advisory services are based on a percentage of the assets under management with the third party adviser or in your 401(k) plan participant account. We charge you in accordance with our “**Investment Management Fee Schedule**” beginning on page 3, based on the value of your total assets under our management as of the last trading day of each calendar quarter. We reserve the right to negotiate our fee, at our sole discretion. For investment management services provided by a third party, any fees charged by the third party advisor are in addition to the fees charged by us.

If you choose, you may grant us limited discretionary authority in the investment management agreement to bill your custodian directly and to instruct your custodian to deduct our advisory fees for our 401(k) advisory services directly from your investment management custodial account.

### **Former Oakland Wealth Management Clients**

If you are a former Oakland Wealth client and you assigned your contract to us, then we will continue to invoice your investment management fees in the same manner as provided in your investment management agreement. We calculate and invoice our investment management fees as an annualized percentage of assets held in your account. In those cases, our fees are billed quarterly, in advance, on calendar-year quarters, based on the ending market value on the last trading day of the quarter. If you formally assigned your contract to us, you may later enter into a new agreement with us. If you do, your investment management fee will be at the same rate or lower as described in your new agreement.

### **Financial Planning and Consulting Fees**

Depending on the services requested, our fees range from hourly, flat, or ongoing monthly fees for our financial planning services and other consultations, as stated in our financial planning and consulting agreement. We quote fees for financial plans in advance, and generally, one-half of the estimated fee is due before we begin the planning services. The fee balance is due when we present the plan to you. All financial planning fees are for services rendered by us and do not include fees you may incur when you work with other professionals like your attorney or accountant.

For hourly billing projects, our maximum fee is \$450 per hour, based on the complexity of the project and the representative’s seniority performing the services. For fixed fee projects, we quote a fixed dollar amount based on our estimate of our time to complete the project. Generally, one-half of the estimated fixed fee is due before we begin the project and the balance is due upon completion.



Because we are compensated based on the total value of assets we manage for you, a conflict arises whenever you receive financial planning advice from us, and one of our recommendations is to have us manage your investment portfolio. You are under no obligation to act upon any of our recommendations and you are not required to engage the services of any recommended professional, including us as an investment manager.

### **Additional Information on Fees and Services**

Unless waived by us, you are subject to a minimum annual investment management fee of \$3,000. Every January, when we calculate the cumulative household fee for the previous year, January 1 to December 31, we identify the households invoiced less than the \$3,000 annual minimum fee. If the household has paid less than the annual minimum fee, we will calculate the deficiency and withdraw the deficiency, as previously approved, in January on a pro-rated basis from each account in the household, or request a check for the balance due.

We may negotiate fees, in certain circumstances. Negotiated fees may be higher or lower than those described in this Brochure. In these circumstances, we will establish the negotiated fee schedule with you. We may change our fees at any time and we always have the right to amend our fees to be lower than the fees set forth above. Any changes will only become effective after 30-days prior written notice unless you terminate our agreement.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that you will incur. You may incur certain charges imposed by custodians, brokers, third party investment and other third parties. We do not receive any compensation from these fees or commissions.

### **Fee Rebates for Qualified Plan Clients**

Many mutual funds pay shareholder servicing (12b-1 fees) or sub transfer agent fees. We negotiate with mutual funds to obtain these fees with respect to our qualified plan clients. These fees are returned to the plan.

### **Termination of Agreement**

Our investment management agreement may be terminated, without cost or penalty, within the first five business days after the date on the agreement. Thereafter, you may terminate the agreement at any time by giving 30-business days prior written notice, and we may terminate the agreement at any time by providing you 30-business days prior notice. Termination of our agreement shall not affect liabilities or obligations incurred from transactions initiated under our agreement prior to the termination date, such as the purchase of investments by us for your account. You are responsible for any cost incurred in transferring assets from your account to a different account and any management fees accrued and unpaid at the time of termination. After the termination date, we shall have no further duties or obligations to you under our agreement.

You may terminate the financial planning agreement at any time by providing us 15 days prior written notice, and we may terminate the agreement at any time by providing you 15 days prior written notice.

If your financial planning agreement is a fixed fee agreement, we will prorate any fixed fee based upon the services rendered prior to the date of termination. We are obligated to refund you any remaining pro rata balance for fixed fee arrangements paid in advance. If termination occurs within the first five business days of entering into an agreement, you are entitled to a full refund.

If your financial planning agreement is an hourly fee agreement, you are obligated to pay all of the hours expended on your project prior to termination. We are obligated to refund you any unused hourly fees paid in advance. If termination occurs within the first five business days of entering into an agreement, you are entitled to a full refund.

### **Direct Billing to Your Custodian**

With your authorization, we will directly debit fees from your accounts or bill you for our fees. Generally, our clients authorize us under the investment management agreement to deduct our fees directly from their account. If you provide us such authorization, the custodian's periodic statements will show each fee deduction from your account. You may withdraw this authorization for direct billing of these fees at any time by notifying your custodian or us in writing. Fees paid directly by check are due upon receipt of the fee invoice. However, if we do not receive payment within 30 days after the date of invoice, you will agree to authorize your custodian to pay our fee invoice promptly by debiting your account.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

### **TYPES OF CLIENTS**

We provide investment management services to individuals, high net worth individuals, pension and profit-sharing plans, trusts and estates, charitable institutions, foundations, and corporations and other business entities.

We provide investment management and financial planning as separate services. These services are intended to assist you in making financial and investment decisions within the context of your entire financial circumstances. To that end, we need your cooperation in providing to us all the necessary financial and personal information that is required to make the appropriate recommendations. Therefore, investment management services may not be possible if you do not provide all of your financial information or fail to make regular updates about your finances to us.

The minimum account fee for investment management services is \$3,000 per year. We may negotiate our minimum taking into consideration such things as the number and size of your accounts, your relationship with other clients, the length of our relationship with you and other factors. At our discretion, we may waive the minimum fee.

There is no minimum account size for our financial planning services.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis**

We utilize fundamental, technical and charting analysis to evaluate markets and individual securities. We assess national and global macroeconomic conditions to determine which asset classes, sectors and industries we believe are most compelling at any given time. We also analyze a number of quantitative and qualitative factors for the mutual funds and ETF's we select for your account to implement our investment decisions.

Fundamental analysis is a technique that attempts to determine a security or a market's value by focusing on their economic well-being namely its ability to generate future cash flows. When conducting fundamental analysis, we will review industry statistics, growth prospects and consider other factors including, but not limited to, debt, operating leverage and competition. Because it can take a long time for an asset class, sector or industry's value to be reflected in the market, there is the risk that a gain may not be realized for a long time or we may have misjudged its true value.

The valuation method is used to calculate a theoretical value for an asset class or security in order to estimate potential future market prices. When utilizing the valuation method, we will review such things as dividends, earnings, book value and their relationship to the price of the markets we analyze. Because emotions are such a strong component of short and intermediate term swings in the market, there is the risk that prices can fall well below what we would have expected.

We also utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze value, but instead analyzes data such as price, volume and other market information to study the supply and demand in the market for stocks bonds and other securities. By comparing existing data trends to those of the past, we hope to determine the opportunities and risks of the markets. The risk is that past trends may not hold true for the future or that they may change unpredictably.

Charting is a form of technical analysis in which the price of an index or security is diagrammed into a graph in order to illustrate trends and patterns. However, there are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources in our decision making process.

We obtain information from a number of sources, both public and by purchase, including inspections of corporate activities, research materials prepared by third parties, corporate rating services, annual reports, prospectuses and filings with the SEC, company press releases and financial newspapers and magazines. We believe these resources for information are reliable and regularly depend on these resources for making our investment decisions; however, we are not responsible for the accuracy or completeness of this information.

### **Investment Strategies**

We use a variety of investment strategies depending on your circumstances, financial objectives and needs. We may recommend implementing one or more of the following investment strategies: long-term purchases (held at least a year), short-term purchases (held less than a year), trading (held less than 30 days), and margin transactions (purchase of a security on credit extended by a securities company) or a combination of these strategies to help you meet your investment objectives.

We may recommend implementing these strategies using mutual funds (held directly or held within variable annuities or life insurance products), ETFs and other types of investments. We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/international, or equities/bonds. We may recommend periodic purchases, sales, and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families when there are changes in your needs, the economy or in market conditions.

While we do not generally manage non-liquid investments, like limited partnerships or private equity, we may offer consultation and review of these offerings when you request some assistance in determining the appropriateness of the investment.

### **Types of Investments and Risk of Loss**

We offer advice about a wide variety of investments including stocks, bonds, municipal securities, corporate securities, mutual funds, index funds, exchange traded funds (ETFs) and notes (ETNs), and fixed and variable annuities. Each security has different types and levels of risk. We will discuss these risks with you in determining the investment objectives that will guide our investment advice for your account. We are also willing to answer any questions you may have about these kinds of investments.

Investing in securities involves risk of loss that you should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We invest in a broad number of asset classes, sub-asset classes, sectors and industries that are subject to various levels and types of risk.

For our equity based strategies that have an aggressive (Growth portfolio), moderately aggressive (Growth & Income portfolio), or moderate (Balanced portfolio) risk profile the principal risk is associated with investing in stocks. Stock market movements will affect your

account on a daily basis. Significant declines are possible both in the overall stock market and in the prices of specific securities held in your account. The mutual funds and ETFs that we invest in have stocks of companies with large and small capitalizations. Small capitalization stocks will often be more volatile with a higher risk of going out of business than large capitalization stocks. We invest in funds with stocks of foreign companies that involve greater risks than investment in U.S. companies. Foreign investments can have political, economic, currency, regulatory, accounting standards, uncertain tax law risks as well as higher transaction costs. These risks are often higher for stocks in emerging markets.

Our most conservative Equity Based Strategy (Conservative Balanced portfolio) with a moderately conservative risk profile and our conservative income based strategy (Income portfolio) may also invest in stocks, but the primary risks are associated with credit securities and their derivatives that include credit, interest rate, call risk, liquidity risk, currency risk and mortgage-related securities risk. The primary risks of our other Income Based Strategy (Fixed Income portfolio) and the Short-Term Strategies (Short-Term Fixed Income and Ultra-Short Fixed Income portfolios) are associated with credit securities and their derivatives that include credit, interest rate, call risk, liquidity risk, currency risk and mortgage-related securities risk.

All of our strategies are dependent upon our selecting the right balance between equities and credit investments, as well as our selection of mutual fund managers or appropriate index funds. Some fund managers or index funds will invest with a rather narrow focus. Some index funds may have broad market coverage and some managers will have a wide mandate of investments in which to invest. Some of the managers will be fully invested at all times, while others will vary the risk they are willing to take in their funds depending upon their outlook on the markets. The skill level of the managers we select may add or subtract value to your account.

Many fund managers use derivatives as substitutes for both equities and credit instruments, as well as to add leverage to a fund. The use of derivatives can both increase and decrease the risks associated with their underlying securities. The use of leverage can substantially increase the risk of loss.

The previously mentioned risks will vary for each type of investment; therefore, we will diversify your account in an attempt to mitigate those risks. Nevertheless, diversification alone cannot eliminate the possibility of significant price declines. We will work with you to attempt to identify the balance of risk and reward that is appropriate and comfortable for you. However, it is still your responsibility to ask questions if you do not fully understand the risks associated with any investment or investment strategy.

In addition, while we strive to render our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments and we cannot assure you that your investments will be profitable or assure you that losses will not occur in your investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment advisor, but it is not a predictor of future performance.

### ***Mutual Funds, Index Funds and Exchange-Traded Funds***

Mutual funds and ETFs typically charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. We generally use a combination of no-load retail and institutional class mutual funds, and ETF's which may or may not have transaction fees although this may not always be the case. Each fund's current prospectus discloses these separate fees and expenses. A copy of the prospectus is available from the fund or we can provide it to you upon request.

Consequently, for any type of fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: one level of fees to the fund and one level of advisory fees to us. Most mutual funds may be purchased directly, without using our services and without incurring our advisory fees.

ETFs and mutual fund shares will change in value, and you could lose money by investing in an ETF and mutual funds. An investment in an ETF involves risk similar to those of investing in any fund of equity securities traded on exchanges. An ETF seeks investments results that correspond generally to the price and yield of an index. You should anticipate that the value of an ETFs' shares would decline, more or less, in correlation with any decline in the value of the index. An ETF's return may not match the return of the index. Sometimes referred to as a "tracking error," expenses and other factors may affect the performance of an ETF from exactly replicating the performance of their respective underlying indexes.

### **DISCIPLINARY INFORMATION**

As a registered investment adviser, we must inform you of all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management. We have no legal or disciplinary events to disclose.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As a registered investment adviser, we must disclose information regarding our business activities, other than giving investment advice, our other activities in the financial industry, and any arrangements with related persons that are material to you or our advisory business. We are also required to disclose if we receive cash or other economic benefits from a third party in connection with advising you.

William Vanover, a current member of our investment committee, holds a seat on the Board of Trustees of the Hussman Investment Trust, a registered investment company that offers four mutual funds: Hussman Strategic Growth Fund, Hussman Strategic Total Return Fund, Hussman Strategic Dividend Value, and Hussman Strategic International Fund. We recommend

the Hussman Funds to our clients. Mr. Vanover's position as a Trustee to these funds could create a conflict of interest. We typically mitigate this conflict by using an alternative fund with similar objectives when a client places a restriction on the Hussman Funds. In addition, Mr. Vanover is compensated for his role as Trustee based upon the number of meetings he attends and by an annual retainer. Mr. Vanover is not compensated based on the number of our clients invested in the Hussman funds. Mr. Vanover's position as Trustee is independent from and existed prior to the investment of our clients into the funds.

Planning Alternatives, Ltd., in partnership with Physician Holding Company, a subsidiary of the Michigan State Medical Society, owns 50% each of WealthCare Advisors, LLC ("WealthCare"). We formed this new company to provide financial planning and investment management services to the members and employees of the Michigan State Medical Society and other medical professionals primarily in the State of Michigan. Planning Alternatives acts as a sub-advisor to WealthCare and provides all financial planning investment management services to the company. Mr. Mersereau, our President, is also President and Chief Executive Officer of WealthCare and our Chief Compliance Officer, Daniel Cook holds the same position for WealthCare.

### **CODE OF ETHICS**

On of February 1, 2005, we adopted and have subsequently amended our Code of Ethics (the "Code"). The Code sets forth the standards of business conduct that we expect all officers, directors, employees, and investment adviser representatives to follow. The Code also describes certain reporting requirements with which particular individuals associated with or employed by us must comply.

Our principals and representatives will often own the same securities we recommend to you or our other clients. Generally, these securities will be shares of open-ended mutual funds or ETF's, stocks and bonds actively traded on a national securities exchange or market where the time and size of their purchases or sales will not affect transactions for you or our other clients. If we do recommend the purchase or sale of a thinly traded security to you, we will ensure that our principals' and representatives' transactions do not adversely affect you nor improperly benefit them. We typically mitigate this risk by completing our principals' and representatives' transactions after all your transactions have been made. Orders for your account and our own accounts may sometimes be aggregated or "batched" into one large order, as described in **"BROKERAGE PRACTICES"** starting on page 13.

We will provide the current copy of the Code to you upon request at no charge. You may request a copy of our Code by contacting our Chief Compliance Officer, Daniel Cook at (248) 645-1520.

## **BROKERAGE PRACTICES**

### **Directed Brokerage & Soft Dollars**

Although we do not require you to use a specified broker-dealer, we have established brokerage relationships with Charles Schwab & Co. and Fidelity Institutional Wealth Services, registered broker-dealers for custodian and brokerage services.

We have evaluated each of these brokers and have determined they offer our clients a variety of services, financial stability and competitive commission rates. We are not affiliated with either Schwab or Fidelity and we do not receive remuneration from any broker including Schwab or Fidelity. From time to time, we evaluate other brokers to determine if a better combination of services and commissions are available for you.

In selecting a broker, we consider, not only the commission rate charged by the broker and the broker's execution capabilities, financial responsibility and responsiveness to instructions, but also the full range of services provided by the broker, including research and custodial services. Accordingly, you may pay commissions in excess of those that the broker (or another broker) may charge for transactional services alone, in recognition of the additional services provided. However, we must determine in good faith that the amount of any commission paid is reasonable in relation to the value of the brokerage and research services provided, viewed in terms either of a particular transaction or our overall responsibilities with respect to accounts for which we exercise investment discretion. We must also determine that any services we receive provide lawful and appropriate assistance in the performance of our investment decision-making responsibilities. If we receive research services, we may use that research to service other accounts, including those accounts where the clients directed their brokerage.

We have not and do not intend to enter into any contractual third-party soft-dollar arrangements, such as committing to place a specific level of brokerage with a specific firm in return for which the brokerage firm will pay for various research related products or services for us that are generally available for cash purchase.

You may direct us to utilize a specified broker-dealer of your choice to effect transactions for or with your account. You should understand that, in the case of such a directed brokerage arrangement:

- you will be solely responsible for negotiating the terms and arrangements on which those brokers and dealers are engaged, and we will have no responsibility for reviewing the fairness of those terms and arrangements;
- we will not seek better execution services or prices from other brokers and dealers in connection with transactions for your account;
- we will not be able to "batch" or "aggregate" transactions for your account with transactions for our other clients not subject to a similar such arrangement;



- we will not monitor the performance of or the services provided by the brokers and dealers so designated; and
- you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case.

However, we may seek better execution services or prices from other brokers or dealers or “batch” your transactions for execution if such action is required by law or fiduciary duties, including but not limited to, the fiduciary duty provisions under the Employee Retirement Income Security Act of 1974, as amended (ERISA), if you are a plan subject to ERISA, or if the designated broker or dealer is unable or unwilling to effect a particular transaction or transactions, which may occur with certain transactions involving fixed-income securities.

### **Research**

From time to time, an investment committee member may participate in conferences sponsored by mutual fund families or other financial industry firms. Their sponsorship may provide a benefit to us by reducing or eliminating the conference fee, travel expenses and/or hotel accommodations. We may use the research, from these sponsored conferences, to service other accounts. While this may potentially create a conflict of interest, we mitigate this risk by making investment decisions through committee, where each committee member has only one vote. In addition, we rotate which investment team member will participant in any sponsored events.

### **Aggregation of Orders**

We have adopted a trade allocation policy to govern how we handle the aggregation of orders for more than one client’s account. From time to time and only where appropriate, we aggregate orders for securities transactions for more than one client and, in appropriate circumstances, include proprietary accounts. In doing so, we strive to treat each client fairly and will not favor one client or a proprietary account over another client. When executed, we will allocate the aggregated order in accordance with policies and procedures intended to achieve fair treatment. The purpose of aggregating orders is for our administrative convenience and, in some transactions, to obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately.

We will not aggregate orders for a client having a directed brokerage relationship with a client who does not have a directed brokerage relationship with the same broker-dealer. A consequence of not aggregating your order with other orders for the same securities is that you may not obtain as good a price or as low a cost in a separate transaction as clients whose orders have been aggregated.

Each account that participates in an aggregated order will participate at the average share price for all of the transactions submitted in that order by our firm in that security on a given

business day. If permitted by the broker-dealer effecting the transaction, transaction costs will be shared on a pro rata basis. Some broker-dealers charge brokerage commissions to each participating client in accordance with the size of that client's account or other factors, regardless of the total size of the aggregated order.

If the aggregated order is partially filled, then each account will participate in the aggregated order on a pro rata basis unless such a method will, in our opinion, work adversely to the benefit of a significant number of clients or adversely affect certain clients. A client could be adversely affected if the client would only be allocated a few shares and the trading costs would outweigh the benefit of purchasing shares for your account. In that event, we will implement a rotational system for allocating recommendations among clients who invest in a similar investment strategy. On a partially filled order using a rotational method for allocating a partial fill, we will start with different accounts from the previous rotational allocation.

### **REVIEW OF ACCOUNTS**

Our investment committee meets on a regular basis to review and make investment recommendations, including asset mix recommendations. Whenever the committee deems it necessary, we will make investment changes to your account.

If we provide you with investment management services, generally on an annual basis, our investment adviser representatives will review with you, any material changes in your circumstances, your investment policy statement and will make any necessary adjustments to your investment strategy. Reviews may involve the entire account or just specific securities held in your account.

If we provide you with financial planning and consulting services, we only review your plan at your request.

### **Client Reports**

If we provide you with investment management services, we generally send asset position statements quarterly with a detailed performance report along with a benchmark performance comparison. These statements include the evaluation of each security in your account. As described in more detail in “**CUSTODY**” beginning on page 17, we urge you to review your statements. When available and with your consent, we will deliver reports via e-mail to you.

For qualified plans, your custodian will provide you with monthly statements that contain your investments and transactions. In addition, these statements will include earnings, gains, losses and any expenses or fees that we charge or credit.

If you utilize our financial planning and consulting services, we provide our written recommendations upon completion of your project.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

### **Other Third Party Solicitors**

We may engage solicitors to market our services. If we do so, you will receive a separate solicitor's disclosure brochure describing our solicitation arrangements, the compensation we pay to the solicitor, and the terms of that relationship. You will also receive a copy of this Brochure. Solicitor compensation may be paid during a specified period after we begin providing advisory services to you or for the entire time that you remain one of our clients. The solicitor may therefore have a financial incentive to recommend our advisory services over other programs or services. The amount of this compensation may be more than the amount the solicitor would receive if you participated in other programs or paid separately for investment advice, brokerage and other services.

Generally, the fee earned by the solicitor is paid out of the normal and customary fee schedule charged by us, which would not result in an increase of the fee to you.

### **Schwab Advisor Network<sup>®</sup>**

Previously, we received client referrals from Schwab through participation in Schwab Advisor Network<sup>®</sup>. The Schwab Network is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with us. Schwab does not supervise us and has no responsibility for our management of client portfolios or our other advice or services. We continue to pay Schwab fees for the client referrals received through the Schwab Network. While we no longer accept referrals from the Schwab Network, this arrangement may raise potential conflicts of interest described below.

We pay Schwab a participation fee on all referred clients' accounts that are maintained in custody at Schwab and a custody fee on all accounts that are maintained at, or transferred to a custodian other than Schwab. The participation fee paid by us is a percentage of the fees the client owes to us or a percentage of the value of the assets in the client's account, subject to a minimum participation fee. We pay Schwab the participation fee for so long as the referred client's account remains in custody at Schwab. The participation fee is billed to us quarterly and may be increased, decreased or waived by Schwab from time to time. The participation fee is paid by us and not by the client. We have agreed not to charge clients referred through the Schwab Network fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Schwab Network.

We generally pay Schwab a custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision to move the assets away from Schwab. The custody fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The custody fee is higher than the participation fees we generally would pay in a single year. Thus, we will have an incentive to recommend that clients referred to us by Schwab use Schwab for custodial services.

Both the participation and custody fees will be based on assets in accounts of our clients who were referred by Schwab as well as the accounts of family members living in the same household. Thus, we will have an incentive to encourage household members of clients referred through the Schwab Network to maintain custody of their accounts and execute transactions at Schwab.

For accounts of our clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from us in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, we may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. We nevertheless, acknowledge our duty to seek best execution of trades for client accounts.

In addition, as described in more detail in the “**Directed Brokerage & Soft Dollars**” section beginning on page 13, we receive various other benefits and services from Schwab and Fidelity.

### **CUSTODY**

You will receive statements, at least quarterly, from the broker-dealer, bank or other qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare such official custodial records to your account statements that we may provide to you, as described in the “**REVIEW OF ACCOUNTS**” beginning on page 15. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Although you may give us your personal identification number to access your 401(k) participant account, your PIN will not give us access to withdraw assets from your account. Thus, we do not have custody of those accounts.

### **INVESTMENT DISCRETION**

We generally receive discretionary authority in writing from clients at the outset of an advisory relationship in the investment management agreement. If you choose to give us discretionary authority, you grant us the ability to determine, without obtaining your specific consent, the securities to purchase or sell for your portfolio, the amount of securities to be purchase or sell, and in most cases, the broker or dealer we use and the commission rate to be paid. In all cases, however, such discretion is to be exercised in a manner consistent with your stated investment objectives for your account and by considering the size of your account and your risk tolerance.

In addition, you may sign an agreement with your custodian, which generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within your account, but not direct the assets outside of your account.

As described in more detail in the “**ADVISORY BUSINESS**” beginning on page 1, you may establish written investment guidelines and restrictions regarding your portfolio.

### **VOTING CLIENT SECURITIES**

When agreed upon in the agreement, we have authority to vote proxies with respect to securities in your account. Rule 206(4)-6 under the Advisers Act addresses our fiduciary obligation to vote proxies in your best interest and to provide you with information about how we voted your proxies. We have adopted written policies and procedures to ensure that we vote your securities in your best interests.

We are willing and able to vote proxies for those securities, which we recommend to you, and for open-end mutual funds held in your account that we did not recommend. We will cast a vote to abstain for other securities not recommended by us in accounts voted by us. Because we consider the reputation, experience and competence of a company’s management when we evaluate the merits of investing in a particular company, in most instances, we will be inclined to vote in accordance with management’s recommendations. However, we will vote contrary to management’s recommendations if we believe that the recommendations are not in your best interests or that, if implemented, they could adversely affect future share values. To assist us in exercising our proxy voting authority, we have developed proxy-voting guidelines on various commonly presented proxy issues, and we will normally vote proxies in accordance with these guidelines unless our Chief Compliance Officer determines your best interests would be better served by voting contrary to these guidelines.

The Chief Compliance Officer will address any potential conflicts of interest with respect to proxy voting, in consultation with our investment committee and, if necessary, legal counsel. If we have a conflict of interest with respect to a company or other person soliciting proxies, we will abstain from voting those proxies. In an unusual circumstance where our abstention would disadvantage a client, we will attempt to obtain an independent third party’s recommendation and will vote the shares accordingly.

Conflicts could arise due to a significant personal or business relationship that our supervised persons or we may have, with the company soliciting the proxy or any other interested party. Should a conflict arise, we will notify all affected clients of the conflict and request a written direction to us either (i) waiving the conflict, in which case we would vote according to its proxy voting policies, or (ii) to vote the proxy as specified by you. If a conflict exists and you do not provide us with such written direction, we will not vote the proxy.

A member of our firm, William Vanover, serves as an outside director to the Hussman Investment Trust that oversees a group of mutual funds. As described in “**OTHER FINAN-**

**CIAL INDUSTRY ACTIVITIES AND AFFILIATIONS”** beginning on page 11, Mr. Vanover receives compensation from the Hussman Investment Trust for his board service, as disclosed in the funds’ statement of additional information to the prospectus. We will abstain from voting proxies for the Hussman Funds if the subject of the vote involves a potential or actual conflict of interest.

We expect to rely upon an outside vendor to notify us of proxy solicitations, provide us with access to on-line proxy voting, and provide us with proxy-related record retention. When we have proxy voting authority, we expect that clients will have access to our proxy voting record for securities held in their accounts using the vendor’s Internet website. For employee benefit plan accounts that are governed by ERISA, if we will not exercise proxy authority then that authority must be expressly reserved by the plan’s trustees or specifically assigned by the trustees to another designated fiduciary.

Former Oakland Wealth clients, who are still subject to their original Oakland Wealth Management Agreement, retain the authority to vote proxies and are required to direct the custodian to send proxy materials directly to them.

You may obtain a copy of our Proxy Voting Policy and information about how we voted proxies with respect to your securities by contacting Daniel Cook, Chief Compliance Officer, at (248) 645-1520.

We occasionally receive notices of class action settlements involving securities held in your accounts. These notices generally provide the opportunity for your account to participate in the settlement. You, not us, retain the authority and responsibility to determine whether your account’s holdings of a particular security are substantial enough to warrant filing a claim, and, if so, to file such a claim. We will, however, upon your request, forward claims we receive relating to your account to you (or your custodian) alerting you to potential claims and/or provide supporting information.

## **FINANCIAL INFORMATION**

As a registered investment adviser, we must inform you of certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you.

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