

# Financial Planning Professionals, Inc.

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This brochure provides information about the qualifications and business practices of Financial Planning Professionals, Inc. If you have any questions about the contents of this brochure, please contact us at 856-875-0700 or [Edward.harrington@ssnrep.com](mailto:Edward.harrington@ssnrep.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.

Financial Planning Professionals, Inc. is a registered investment adviser with offices in New Jersey and Florida. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## **Item 2. Material Changes**

This Brochure, dated March 20, 2012, is an update from our previous brochure dated February 16, 2012. Changes to this brochure include the following:

- The brochure was prepared to file state registration applications with both Pennsylvania and New Jersey. Item 19 was added to comply with state requirements.
- Additional disclosure was provided relating to the debiting of advisory fees.

The above list includes a description of material changes made to the firm's current Disclosure Brochure (Form ADV Part 2A). Currently, our brochure may be requested by contacting Ilene Jackson at 856-875-0700 or [Edward.harrington@ssnrep.com](mailto:Edward.harrington@ssnrep.com).

Additional information about Financial Planning Professionals, Inc. is available by accessing the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Financial Planning Professionals, Inc. who are registered, or are required to be registered, as investment adviser representatives of the firm.

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#### **Item 4. Advisory Business**

Financial Planning Professionals, Inc. ("FPP" or "the firm") is a registered investment adviser that was founded in 1993. The principal owner and founder of the firm is Edward J. Harrington, President. The firm's main office is located in Turnersville, New Jersey and the firm also has a branch office in Jensen Beach, Florida.

FPP offers both financial planning and asset management services to its clients for a fee. FPP also offers the option of more limited financial planning services to clients who desire advice in an isolated area of concern. Specific details about these advisory services are described below:

##### **Asset Management Services**

FPP offers the Global Asset Management Program, which is an optional market timing and asset allocation service requiring a minimum of \$50,000 in assets under management. Through the Global Asset Management Program, FPP offers different models based on an investor's risk profile. FPP provides individualized investment advice to clients based upon the client's specific needs. Through personal consultations, FPP gathers specific financial data to develop a client's personalized profile, which includes a client's investment objectives, current financial position, risk profile, investment time horizon, tax situation and liquidity needs. While FPP will attempt to manage a client's portfolio in accordance with a selected model, individual investments are selected by the client based on the client's individual investment objectives. FPP currently offers the following three models:

##### **Conservatively Managed Global Asset Allocation Model**

This model is designed for the investor whose primary investment objectives are preservation of capital and/or current income. A client's initial and future investments are tailored to his/her individual needs, and will generally include more conservative investments including mutual fund shares or variable annuities that invest in foreign, global, and domestic equity and bond investments, and government securities. FPP will provide periodic market timing of the client's investments, and will reallocate investments to conform to the client's investment objectives and take advantage of market fluctuation. This more active management style attempts to outperform a simple buy and hold investment strategy.

##### **Moderately Aggressive Global Asset Allocation Model**

This model is designed for the investor whose primary objective is growth, with the possibility of some current income. A client's initial and future investments are tailored to his/her individual needs, and will generally include growth oriented investments including mutual fund shares or variable annuities that invest in foreign, global, and domestic equity and bond investments, sector funds or government securities. FPP will provide periodic

market timing of the client's investments, and will reallocate investments to conform to the client's investment objectives and take advantage of market fluctuation. This more active management style attempts to outperform a simple buy and hold investment strategy.

### **Aggressively Managed Global Asset Allocation Model**

This model is designed for the investor whose primary objective is growth, without regard to current income. A client's initial and future investments are tailored to his/her individual needs, and will generally include growth and aggressive growth oriented investments including mutual fund shares or variable annuities that invest in foreign, global, and domestic equity and bond investments, sector funds or government securities. FPP will provide periodic market timing of the client's investments, and will reallocate investments to conform to the client's investment objectives and take advantage of market fluctuation. This more active management style attempts to outperform a simple buy and hold investment strategy. Clients who opt for this allocation model are willing to take above average risk to seek above average returns.

In each of the above-described allocation models, FPP will assist the client in selecting mutual fund and variable annuity investments that meet the client's objectives. Each client's portfolio will be tailored to his/her investment needs and objectives. FPP will affect reallocation conversions within a client's portfolio, in accordance with the firm's timing signals.

### **Comprehensive Financial Planning Services**

FPP provides comprehensive financial planning services that are outside of the customary asset management services described above. Financial planning services typically cover areas such as securities, taxes, estate planning, insurance, business planning, retirement planning, personal investments, financial options, cash flow, company benefits and other financial planning areas. Through in-depth personal consultations, FPP gathers information related to a client's current financial situation, future goals, and attitudes toward risk. Clients provide any related documents that are necessary for FPP to gain an understanding of the client's financial situation. Clients will receive a written financial plan to show their current financial situation, their goals and objectives, and a plan with alternatives to help the client meet their objectives. Clients are responsible for providing all information necessary for FPP to prepare the financial plan in a timely manner. In order to implement recommendations made in the written financial plan, clients are strongly encouraged to consult with their other trusted advisors, including attorneys and accountants. FPP does not provide legal or tax advice.

If clients choose to implement financial planning strategies involving asset management services, clients may engage FPP for the asset management services described above. Such services would be separate and apart from the financial planning services described here, and clients are under no obligation to implement financial planning recommendations.

### **Limited Financial Planning Services**

In some cases, clients may choose to engage FPP for more limited financial planning services. These services typically involve consultation on a specific financial planning area that is of particular concern to the client. Limited financial planning services will generally not include the development of a written plan and will be more limited in focus.

### **General Information Regarding Advisory Services**

For any of the investment advisory services offered by FPP, the firm does not limit its investment recommendations to any specific type of product or security. A client's individual needs and objectives are analyzed to determine appropriate investments and products for the client. For clients who choose to have their assets managed in accordance with a model portfolio, investments selected will be based on the objective of the model portfolio and the individual objectives of the client. Since different types of investments typically involve different types of risk, FPP conducts a risk analysis of the client and his/her overall portfolio, before recommending a certain investment. FPP manages assets on a discretionary basis. The client is always free to place restrictions on the types of investments the firm recommends for the client's portfolio.

FPP primarily recommends that clients purchase shares of mutual funds and variable annuities. However, FPP also offers advice on EFTs, REITS, Unit Investment Trusts, individual stocks, individual bond positions, commercial paper, certificates of deposit, limited partnership interests, and variable life insurance products. The firm may also provide advice on other products not listed above, as is appropriate for the specific client. In some cases, these products may be non-securities products.

Since FPP's associates who offer investment advice are also registered representatives of Securities Service Network, Inc. ("SSN"), an unaffiliated registered broker/dealer member FINRA, securities recommendations may be limited to those products approved by or offered by SSN. Clients should be aware that all securities investments involve risk and clients may lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, FPP takes care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

As part of its comprehensive approach to investment advisory services, FPP may refer clients to unaffiliated third-party professionals for specific areas for which a client may need advice. Examples of these referrals may include local CPAs, public accountants or attorneys. FPP offers this referral service as a convenience to clients only and any decision to engage a third-party professional lies solely with the client. FPP is not responsible or liable for any of the services provided by these unaffiliated third-parties and the firm is not compensated for these referrals.

### **Assets Under Management**

As of December 31, 2011, FPP was providing regular and continuous Asset Management to clients with a total value of assets under management of \$ 24,867,712.

## **Item 5. Fees and Compensation**

### **Asset Management Services**

The annual management fee for asset management services is based on the market value of the portfolio as of the last business day of the billing period and is payable quarterly in arrears of services being rendered. Fees are typically debited directly from a client's custodial account, as authorized in writing by the client. FPP provides written invoices to clients, identifying the value of assets on which the fee is based, the method of fee calculation, and the amount of the fee to be debited from the account. FPP also provides written notice to the custodian as to the amount of fee to be debited. In some cases, FPP may allow a client to pay fees directly, upon presentation of an invoice.

Clients may or may not be charged commissions in connection with the asset management services provided by FPP. In the event that representatives of FPP receive commissions from variable annuity or mutual fund shares transacted in their capacity of registered representatives of SSN, the following quarterly fee schedule will be charged for asset management services:

<b><u>Quarterly Fee</u></b>	<b><u>Assets Under Management Level</u></b>
0.325%	\$50, 000 to \$250,000
0.2875%	\$250,001 to \$500,000
0.25%	\$500,001 to \$2,500,000
0.2125%	For amounts greater than \$2,500,000

If FPP representatives do not earn commissions from variable annuity or mutual fund shares transacted in their capacity of SSN representatives, the following quarterly fee schedule will be charged for asset management services:

<b><u>Quarterly Fee</u></b>	<b><u>Assets Under Management Level</u></b>
0.375%	\$150, 000 to \$300,000
0.325%	\$300,001 to \$700,000
0.25%	\$700,001 to \$2,500,000
0.2125%	For amounts greater than \$2,500,000

In certain circumstances, FPP may charge a lower fee at its sole discretion. The asset management fee is exclusive of all transaction costs, which client will incur separately unless specifically noted by FPP in the client's Asset Management Agreement. Clients are responsible for paying all execution and/or transaction costs associated with trade execution and/or account custody. If mutual funds are purchased, clients should refer to the product prospectus for a complete discussion of the fees associated with the product. Some mutual fund shares may pay on-going 12b-1 management fees. Asset management fees are negotiable at the sole discretion of FPP and fees may be higher or lower than fees charged by other investment advisors.

Fees charged upon the establishment or termination of an account will be prorated for the portion of the billing period for which FPP is retained by the client. Asset Management Agreements may be canceled by either party at any time by written notice. If the agreement is canceled within the first five (5) business days after the signing of the agreement, then the client is entitled to a full refund of any fees paid.

### **Comprehensive Financial Planning Services**

The fees for the first twelve month Comprehensive Financial Planning Services is based on the client's current income and net worth as follows:

Single Person With Annual Income and Investment Net Worth of:

<b><u>Amount</u></b>	<b><u>Fee</u></b>
Less than \$300,000 yr	\$ 350.00
Between \$300,000 & \$600,000 yr	\$ 500.00
Between \$600,000 & \$900,000 yr	\$ 800.00
Between \$900,000 & \$1,200,000 yr	\$1,200.00
Between \$1,200,000 & \$1,500,000 yr	\$1,700.00



Between \$1,500,000 & \$1,800,000 yr	\$2,200.00
Over \$1,800,000 yr	\$2,800.00

Married Person With Annual Income and Investment Net Worth of:

<b><u>Amount</u></b>	<b><u>Fee</u></b>
Less than \$400,000 yr	\$ 500.00
Between \$400,000 & \$700,000 yr	\$ 800.00
Between \$700,000 & \$1,000,000 yr	\$1,100.00
Between \$1,000,000 & \$1,300,000 yr	\$1,500.00
Between \$1,300,000 & \$1,600,000 yr	\$2,100.00
Between \$1,600,000 & \$1,900,000 yr	\$2,800.00
Over \$1,900,000 yr	\$3,500.00

Fees for Comprehensive Financial Planning Services are payable in two installments. One-half of the total fee is due upon signing the financial planning engagement agreement, and the remaining one-half is due upon delivery of the written financial plan. Fees for Comprehensive Financial Planning Services are negotiable.

If clients are dissatisfied with the written financial plan presented in connection with the Comprehensive Financial Planning Services, clients may request a rewrite of the plan at no cost to the client. If, within a 90 day period, FPP is unable to rewrite the plan to the satisfaction of the client, the client is entitled to a full refund of fees paid. The client agrees to return the written financial plan to FPP.

### **Limited Financial Planning Services**

For clients who desire more limited financial planning services, FPP charges an hourly fee of \$175 per hour. Any fees charged pursuant to this hourly fee rate may be applied towards Comprehensive Financial Planning Services if the client later elects to engage FPP for this service within 90 days of an original hourly engagement. Fees for hourly services are due and payable upon presentation of an invoice.

### **General Information Regarding Fees and Account Termination**

All fees charged by FPP for investment advisory services are separate and distinct from the fees and expenses charged by account custodians or product issuers. FPP will not charge any advisory fees on the basis of a share of capital gains or capital appreciation of a client's

account. As discussed above, clients are responsible for paying all execution and/or transaction costs associated with trade execution and/or account custody. If mutual funds or variable insurance products are purchased, clients should refer to the product prospectus for a complete discussion of the fees associated with the product, including any management fees, fund expenses, distribution fees or other sales charges.

FPP's associates who provide investment advice to clients ("FPP associates") are registered securities representatives of Securities Service Network, Inc. ("SSN"), an unaffiliated registered broker-dealer, member FINRA. If FPP's clients purchase securities products from FPP associates in their capacity as SSN registered representatives, clients may pay a securities commission. Clients are under no obligation to purchase securities products from FPP associates and may choose any broker/dealer of their choice.

As part of its comprehensive approach to investment advisory services, FPP may refer clients to unaffiliated third-party professionals for specific areas for which a client may need advice. Examples of these referrals may include local CPAs, public accountants or attorneys. In these cases, clients may be subject to additional fees charged by the third-party professional to whom the client has been referred. FPP does not receive any portion of the fees charged by these third-party professionals. FPP offers this referral service as a convenience to clients only, and any decision to engage a third-party professional lies solely with the client. FPP is not responsible or liable for any of the fees charged or services provided by these unaffiliated third-parties.

Investment advisory agreements may be terminated at any time by any party upon prior written notice. If an agreement is terminated within the first five business days, clients are entitled to a full refund of any fees pre-paid. If an investment advisory agreement is terminated after more than five business days, clients are assessed fees on a pro-rata basis, based on the investment advisory services provided prior to termination.

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

FPP does not charge performance-based fees.

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

FPP provides investment advisory services to individuals, high-net worth individuals, pension and profit sharing plans, corporations or other businesses, trust, estates and charitable organizations. FPP typically provides its asset management services to clients

who have at least \$50,000 of assets under management. This minimum may be waived at FPP's sole discretion.

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

There are general standards of education and business experience which FPP requires of those involved in determining or giving investment advice to its clients. FPP associates are required to have the technical knowledge in the areas of securities asset management in order for an associate to provide investment advisory services. They are also expected to possess at least six years' experience in the financial services industry, and they must maintain all required professional licenses.

FPP uses various methods of analysis in formulating the investment advice offered on behalf of the firm. FPP takes a holistic approach to evaluate an overall portfolio strategy and asset allocation that meets a client's needs and objectives. Rather than focusing on specific investments, FPP identifies an appropriate ratio of securities, fixed income investments, cash and other investments, to build a portfolio that is suitable for a client's investment needs, objectives and risk tolerance. Portfolios are typically made up of various mutual funds and variable annuities, and may also include other investment as appropriate for the client.

FPP's core asset management strategy consists of global asset management model portfolios designed to deliver long-term returns within specific investment objectives. Conservative strategies emphasize preservation of capital while aggressive strategies emphasize long term growth.

FPP believes that global diversification reduces portfolio risk and enhances returns when compared to portfolios concentrated in one or a few types of investments. While FPP can never guarantee a specific return or result, the firm believes that active management of client portfolios will generally produce a higher return than a static buy and hold strategy.

FPP uses investment management strategies that it feels best meet its clients' needs and objectives. Such strategies typically include long-term investment strategies of asset allocation and diversification. While this strategy typically meets the needs and objectives of the firm's clients, long-term investment strategies may include the risk of not taking advantage of short-term gains that could be profitable to a client. In addition, all securities investments involve risk and clients may lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, FPP takes care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

## **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FPP or the integrity of FPP's management. FPP has no reportable information applicable to this Item.

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

As discussed previously in Item 5 above, FPP associates are registered representatives of Securities Service Network, Inc. (SSN), an unaffiliated registered broker/dealer and FINRA member. In this capacity, FPP associates may affect securities transactions for clients for which they may receive separate, yet customary compensation. Clients always have the option of declining any investment recommendation made by FPP and they may affect transactions with firms or representatives of their choice. However, if clients elect to transact recommendations with firms or agents other than those recommended by the firm, FPP may be unable to provide investment advisory services for those investments.

While FPP associates endeavor to put clients' interests first and foremost, clients should be aware that the receipt of additional compensation itself creates a conflict of interest when making investment recommendations. To address the potential for a conflict of interest, FPP associates make certain to disclose to clients, any fees associated with recommended investment products. Clients are provided with applicable product prospectuses and offering materials, which discuss the fees associated with the applicable products. Clients are also asked to sign applicable disclosure documents and/or account applications that point out important product features and fees. As fiduciaries, FPP associates make product recommendations that they feel are in the client's best interest and are based on the specific needs and objectives of the client. The compensation potential of the product is not a criterion on which investment recommendations are made.

FPP associates are also licensed to sell various insurance products for which they may receive product commissions. The potential for this additional insurance compensation creates a conflict of interest when making financial planning recommendations that involve insurance products for which commissions may be earned. FPP associates make insurance product recommendations when they feel it is in the client's best interest, based on the specific needs and objectives of the client. The potential for additional compensation is not a criterion on which these recommendations are based.

FPP may refer clients to an unaffiliated third-party professional for specific services such as legal or accounting services. FPP is not compensated for these referrals but instead makes

these referrals when it feels it is in the client's best interest to do so, based on the specific needs and objectives of the client. Clients are under no obligation to engage the services of the third-party professional and clients do so at their own discretion. FPP is not liable or responsible for any of the fees charged or services provided by an unaffiliated third-party professional.

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

FPP has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices, and to maintain FPP's reputation as a firm that operates with the highest level of professionalism. FPP recognizes its fiduciary responsibilities to its clients, and its duty and pledge to place clients' interests first and foremost. In connection with this duty, all employees of FPP are subject to the firm's Code of Ethics, and are required to acknowledge their understanding of its terms. A copy of the FPP Code of Ethics will be provided to any client or prospective client upon request.

FPP's Code of Ethics establishes procedures for employees to report personal securities transactions and personal securities holdings. The Code sets forth procedures for management review of these reports. In some cases, FPP's employees may be required to obtain pre-approval for certain personal securities transactions or refrain from certain transactions altogether. FPP's Code of Ethics also sets forth the obligation of all FPP employees to comply with applicable state and federal securities laws, and the duty to cooperate in any investigation or inquiry conducted on or by FPP. Finally, FPP's Code of Ethics establishes procedures for the reporting of any potential violation of the firm's Code.

FPP or its owners, officers and employees may buy or sell securities that are the same or different than those they recommend to clients. While buying or selling the same security as a client would be incidental, it may represent a potential conflict of interest, which would be fully disclosed to the client. FPP or its owners, officers and employees may not sell securities from their accounts directly to a client, nor may they purchase securities directly from a client. FPP, its owners, officers and employees are prohibited from trading on material nonpublic information. FPP does not trade ahead of clients, but instead puts clients' interests first. Employees may not purchase or sell any security prior to a transaction being implemented for an advisory client, unless the timing of such transaction was done without the employee's knowledge of a client's transaction. FPP endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the decision making process for client investment recommendations. FPP also endeavors to ensure that the personal trading activities of its owners, officers and

employees do not interfere with the implementation of investment recommendations made to clients.

FPP prohibits its owners, officers, and employees from participating in any principal transactions, where securities are purchased directly from, or sold directly to a client. FPP also prohibits its owners, officers and employees from purchasing shares in initial public offerings or private placement offerings, unless express written permission is provided in advance, by the firm's Chief Compliance Officer. FPP, its owners, officers and employees, do not recommend to clients that they buy or sell securities in which a person associated with FPP has a material financial interest.

As disclosed in Item 10 above, FPP associates may be registered representatives of Securities Service Network, Inc., an unaffiliated registered broker/dealer. This relationship may present a conflict of interest relating to client transactions. Please refer to Item 10 above for a complete discussion of this relationship.

## **Item 12. Brokerage Practices**

FPP provides asset management services on a discretionary basis. Clients are generally free to implement or decline investment recommendations made by FPP, unless FPP is acting in a discretionary role. In addition, clients are free to implement investment recommendations at firms of their choice; however, if clients choose to implement transactions at firms other than those recommended by FPP, the firm may be unable to provide investment advisory services for those assets. For discretionary asset management services, FPP will determine which custodian to use for account custody and trade execution.

For asset management services, FPP generally recommends the clearing and custodial services offered through the Schwab Institutional division of Charles Schwab & Co, Inc. ("Schwab"), an unaffiliated registered broker/dealer and member SIPC. FPP routinely recommends that clients utilize the brokerage and custodial services offered by Schwab, unlike other advisors who may permit clients to direct brokerage.

FPP is unable to negotiate specific transaction costs for transaction execution. Transactions executed by Schwab, will be subject to the transaction and execution fee schedule in effect at the time of execution. FPP does not negotiate commission rates or volume discounts. Therefore, brokerage and investment advisory services offered by FPP may cost a client more or less than similar investment advisory services offered by another firm, or by purchasing similar services separately.

In some cases, FPP may also recommend the custodial services offered through Securities Service Network, Inc. (“SSN”), the registered broker/dealer with which FPP associates are registered. SSN has a fully disclosed clearing arrangement with National Financial Services, Inc. (“NFS”).

While FPP cannot guarantee that the execution services provided by the above referenced custodians are the best executions available, the firm feels that that the overall quality of execution services provided by these firms is in the clients’ best interests. Clients must agree in writing to the establishment of custodial accounts at the above referenced firms. If a client chooses to implement certain investment recommendations through FPP associates in their capacities as registered representatives, then securities products may be limited to those products that FPP associates can offer through SSN. The firm believes that the overall quality of the execution services provided by SSN is in clients’ best interest, but best execution cannot be guaranteed.

As stated previously, FPP routinely recommends that asset management clients utilize the clearing, brokerage and custodial services offered through Schwab or SSN, unlike other advisors who may permit clients to direct brokerage to any firm of their choice. FPP may be unable to negotiate specific transaction costs for transaction execution. FPP does not aggregate or “block” trades. Transactions executed by these firms will be subject to the transaction and commission fee schedule in effect at the time of execution. FPP does not negotiate commission rates or volume discounts. Therefore, brokerage and investment advisory services offered by FPP may cost a client more or less than similar investment advisory services offered by another firm or by purchasing similar services separately.

Through its relationships with Schwab and SSN, FPP has access to free research, software, account administrative support, record keeping, brokerage, custodial and other related services that are intended to support advisers in conducting an investment advisory business. FPP also has access to an extensive list of product offerings from which client recommendations can be made, and may have the ability to execute client no-load or low-load mutual fund transactions without transaction charges or with nominal transaction charges. FPP also has access to software downlinks of daily transaction, balance and position information on client accounts held at each custodian. The provision of these additional services may present a conflict of interest in that FPP may be incented to recommend the custodial and brokerage services of these firms. However, receipt of these services is not dependent upon any level of trade execution and FPP uses these services to benefit all client accounts, whether or not a client has chosen to use either Schwab or SSN. As a fiduciary, FPP endeavors to seek qualitative execution services for its clients, regardless of the provision of these additional services.



For financial planning services, clients may choose to implement investment recommendations at firms of their choice. If clients choose to implement investment recommendations through FPP associates, the custodial, clearing and brokerage services offered through either Schwab or SSN will be recommended.

FPP may accept reimbursement for marketing costs, such as expenses related to meetings held by, or attended by FPP associates. Such costs will be associated with “due diligence” or training trips that allow FPP to better analyze a company and/or investment manager. The acceptance of reimbursement will not be contingent upon any commitment by FPP to place client assets with a product sponsor or investment manager, and will not influence FPP’s decision to select a product or investment manager for its clients, other than to allow FPP’s associated persons an opportunity to gain further knowledge.

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

For asset management accounts, FPP’s associates review the allocation models regularly. The model portfolios are adjusted accordingly, within an allocation that is dictated by prevailing market conditions and is consistent with the portfolio’s investment objective. Each client account is reviewed on either a quarterly, semi-annual or annual basis, in light of the client’s specific needs, goals, objectives, asset mix and overall market conditions. Special reviews with clients are made in the case of substantial changes in market conditions or changes in the client’s investment objectives.

Asset Management clients receive normal and customary brokerage account statements from the custodian at which their accounts are held. Clients are encouraged to review these statements carefully.

Financial planning clients will not receive regular reports from FPP. Any written reports will be agreed upon at the inception of the financial planning services relationship.

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

As discussed previously, FPP associates may receive some economic benefit through their affiliations with SSN. However, these economic benefits are not provided as a direct result of FPP’s advisory services offered to clients. FPP associates may also receive product commissions or 12b-1 fees as a result of other client investments outside of the advisory relationship. While this presents a potential for conflict of interest in that it may incent FPP associates to recommend certain products, all fees and expenses related to transactions



executed through SSN are disclosed to clients in product offering materials or verbally by FPP associates. Clients are encouraged to read product offering materials carefully.

If FPP associates make recommendations to clients for the purchase of insurance products, clients may pay a normal and customary insurance commission for the purchase of the product. In these cases, FPP associates may receive commission as insurance agents, generally based upon a percentage of the premiums paid. Such insurance commission is paid directly to the FPP associate from the issuer of the insurance product. FPP makes this service available to clients simply as a convenience to clients. Clients are not obligated to purchase any insurance products from FPP associates. The receipt of additional compensation presents a conflict of interest in that FPP associates may be induced to recommend that clients purchase insurance products. While this may be true, FPP associates endeavor at all times to act in the best interests of their clients, and recommendations to purchase insurance products are only made when they feel it is in the best interest of a client.

In some cases, FPP may refer clients to a third-party professional for specific services. FPP is not compensated for these referrals. FPP makes these referrals when it feels it is in the client's best interest to do so, based on the specific needs and objectives of the client. Clients are under no obligation to engage the services of the third-party professional and clients do so at their own discretion. FPP is not liable or responsible for any of the fees charged or services provided by an unaffiliated third-party professional.

FPP may, from time to time, accept reimbursement for costs associated with on-site inspections of product sponsors or investment managers to which clients' assets may or may not be directed. Such costs will be associated with "due diligence" trips that allow associated persons of FPP to better analyze a company and/or investment manager. The acceptance of reimbursement will not be contingent upon any commitment by FPP to place client assets with a product sponsor or investment manager, and will not influence FPP's decision to select a product or investment manager for its clients, other than to allow FPP's associated persons an opportunity to gain further knowledge.

## **Item 15. Custody**

FPP does not maintain custody of client funds or securities, except to the extent that it has the ability to debit advisory fees directly from client accounts, as agreed to in writing by the client. Clients receive normal and customary custodial account statements that detail the amount of advisory fees debited from an account. Clients are responsible for verifying the accuracy of the fees debited, as custodians do not verify accuracy. Clients are also strongly

encouraged to compare information provided on custodial statements against any information provided by FPP.

#### **Item 16. Investment Discretion**

FPP accepts discretionary authority to manage securities accounts on behalf of clients, upon express written permission from the client. Clients will execute required custodial applications granting discretion to FPP. Clients will also execute discretionary Asset Management Agreements.

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

FPP does not accept authority to vote client securities on behalf of clients. Clients retain all rights to their brokerage accounts, including the right to vote proxies. Clients are responsible for directing each custodian of their assets to forward copies of all proxies and shareholder communications directly to the client. While FPP may provide information or consultation to assist a client in deciding how to vote a particular security, the ultimate decision and responsibility to vote a security lies with the client.

#### **Item 18. Financial Information**

FPP does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. FPP is therefore not required to include a financial statement or balance sheet with this brochure.

FPP does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. FPP has not been the subject of any bankruptcy petition.

#### **Item 19. Information for State Registered Advisers**

Financial Planning Professionals, Inc. ("FPP") is a registered investment adviser that was founded in 1993. The principal owner of the firm is Edward Harrington ("Ted"), who also serves as the firm's President and Chief Compliance Officer. Ted was born in 1955 and has over 25 years' experience in the financial services industry. In 1993, Ted earned the Certified Financial Planner™ (CFP®) designation from the College for Financial Planning in Denver, Colorado. The Certified Financial Planner™ (CFP®) designation is a professional

certification mark for financial planners. It is conferred by the Certified Financial Planner Board of Standards, Inc. after candidates have met all of the requirements for certification. Those requirements include having completed a Board-Registered educational program, having at least three years of qualifying work experience in the personal financial planning area, and passing the CFP® Certification Examination. The exam, which is administered over two days, tests a financial planner's ability to apply his or her knowledge to specific client situations. Individuals who become certified must complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct to maintain the right to continue to use the CFP® marks. Ted is also a member of the Association of Divorce Financial Planners.

In 1993, Ted founded Financial Planning Professionals, Inc. ("FPP"), a registered investment adviser. In addition to his role with FPP, Ted is a registered representative of Securities Service Network, Inc., a registered broker/dealer, member FINRA. Ted is actively involved in raising money for breast cancer awareness. He is also actively involved in raising funds for the Angels for Alexa Trust Fund, a non-profit organization.

FPP does not charge performance-based fees for its advisory services. All fees for advisory services are described in Item 5 above.

State registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the firm or the integrity of the firm's management. FPP does not have any reportable information applicable to this Item.

Neither FPP nor its principal executive officers has any relationship or arrangement with any issuer of securities.

## **Privacy Policy**

FPP maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. FPP collects nonpublic information about clients from the following sources: information the firm receives from clients verbally, on applications or other forms and information about client transactions with others or the firm.

FPP may have to share non-public client information with unaffiliated firms in order to service client accounts. Additionally, FPP may have to provide information about clients to regulatory agencies as required by law. Otherwise, FPP will not disclose any client information to an unaffiliated entity unless a client has given express permission for the firm to do so.

FPP is committed to protecting client privacy. The firm restricts access to clients' personal and account information to those employees who need to know the information. FPP also maintains physical, electronic and procedural safeguards that the firm believes comply with Federal standards to protect against threats to the safety and integrity of client records and information.