

Form ADV Part IIA

**FINANCIAL PLUS, INC.
t/a
CREATIVE ASSET MANAGEMENT**

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February 2012

This brochure provides information about the qualifications and business practices of Creative Asset Management. If you have any questions about the contents of this brochure, please contact us at 609-259-7227 or nireland@iacadvisor.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.

Additional information about Creative Asset Management also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: Material Changes

There are no material changes since our last annual amendment, dated February 2011, other than changes to conform to the new disclosure requirements required by the SEC under the new Part 2A of Form ADV.

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ITEM 4: Advisory Business / Clients

Financial Plus Inc. t/a Creative Asset Management (CAM) is an SEC registered independent investment advisory firm that provides financial planning, consulting and investment management services to individuals and small- to mid-sized businesses. Started in 1988 by President and Chief Compliance Officer, Christopher G. Kau, the company spends 80% of its time providing investment advisory services and 20% on furnishing advice to clients on matters not involving securities. Representatives of our firm are also associated with Royal Alliance Associates, Inc. as Registered Representatives. Royal Alliance is a diversified financial services company registered with the Financial Industry Regulatory Authority ("FINRA") as a broker-dealer engaged in the offer and sale of securities products. Holding ourselves out as a registered investment advisory firm does not imply a certain level of skill or training.

As of December 31, 2010, the firm manages \$40 million in client assets primarily on a non-discretionary basis, allocated among individual debt and equity securities, mutual funds, exchange-traded funds and variable annuities, in accordance with each individual client's investment objectives.

Clients will receive quarterly, semi-annual or annual statements depending on their contract type with CAM. Client accounts will be monitored closely to achieve the desired results set out in original and follow-up meetings. Changes will be recommended to clients as market conditions and/or personal client situations change, as needed. Our Advisory Representatives may recommend the purchase of securities offered by Royal Alliance and in most cases, must meet suitability standards established by Royal Alliance based upon the client's individual investment objective and risk tolerance. The client retains absolute discretion over all investment decisions and is free to accept or reject any recommendation we make.

Our goal is to achieve an equal or return better than the major market indices based upon the risk tolerance of your individual portfolio.

ITEM 5: Fees and Compensation

Creative Asset Management may be compensated in several ways. Clients may be charged a quarterly fee based upon assets held under management, a flat quarterly, semi-annual or annual fee (schedules are shown in Appendix 1). Clients are charged these fees in arrears and may be billed for partial billing cycles. Client reviews are part of this fee and are normally done on a semi-annual or annual basis.

A second way for us to be compensated may be directly from the mutual fund/insurance companies we recommend. This may be perceived as a conflict of interest, in that we would only recommend a company who we are compensated by. We address this by recommending only companies that have been approved by our broker/dealer, Royal Alliance, keeping first in mind what is the best option for you, the individual client. These fees will be disclosed to every client prior to the sale, must meet suitability requirements set forth by the broker/dealer, and our recommendations must always be approved by the client prior to any action being taken.

Though we are affiliated with one broker/dealer, the client is free to take our advice and purchase securities through another broker or agent. In this case, the client would be billed for our financial planning/investment advice at a fee of \$250 per hour. Under this type of arrangement, client reviews are done at the request of the client, normally on an annual basis and will be billed at a fee of \$250 per hour.

Fees are **never charged** based solely upon the percentage of gain or loss in a portfolio, i.e. performance based fees.

Additional Fees and Expenses:

Mutual fund investments in the programs that we offer may be load or no-load funds. These funds may be subject to early redemption fees, 12b-1 fees and fund management fees as well as other mutual fund expenses. These fees may be in addition to other fees and expenses referenced above. Please review the mutual fund prospectus for full details.

Variable annuity insurance companies generally impose internal fees and expenses on their investment products, including contingent deferred sales charges and early redemption fees. In addition, variable annuity insurance companies generally impose mortality charges of approximately 1.25%. These fees may be in addition to the fee and expenses reference above. Please review the variable annuity summary document for full details.

ITEM 6: Performance-Based Fees

Not applicable. We **do not** charge performance based fees.

ITEM 7: Clients

At Creative Asset Management, we consider ourselves a boutique assisting the average person in their financial planning, consulting and investment management needs. Our client base consists of individuals and small- to mid-size businesses. There is no income limit or portfolio size required to become a client of Creative Asset Management.

ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss

Method of Analysis:

When analyzing investments that may be right for you, we use both Fundamental and Technical Analysis. Fundamental analysis is security analysis grounded in basic factors such as company earnings, balance sheet variables and management quality, which are used to predict the future value of an investment. Information such as interest rates, GNP, inflation and unemployment may be used to predict the direction of the economy and therefore the stock market. Technical analysis is the practice of using statistics to determine trends in security prices and recommend investment decisions based on those trends. Technical analysis focuses on matters such as trade volume, demand, and volatility, to help determine the market forces at work on a certain security or on the securities sector or market as a whole.

Investment Strategies:

Our investment strategy will include long-term purchases, i.e. securities held longer than five years, mid-term purchases, i.e. securities held one to five years, and short-term purchases, which are usually held for less than one year. One or a combination of these strategies is used to meet your individual objectives and financial needs.

Risk of Loss:

When investing in securities, either directly or through mutual funds, annuities or exchange traded funds (ETFs), there is always the potential for loss. We try to limit this loss through diversification of individual bonds and stocks, bond and stock funds, US and international, based upon each client's individual investment portfolio objectives and risk tolerance.

Stocks or stock mutual funds risks include:

- 1) financial risk - risk that recommended funds/companies will perform poorly;
- 2) market risk - stock/bond markets will decline;
- 3) inflation risk - risk that price increases deteriorate performance returns; and
- 4) political and government risk - value of investment may change with the introduction of new laws or regulations.

Bonds/bond mutual funds risks include:

- 1) interest rate risk – bond values may decline when interest rates rise;
- 2) call risk – bond investment will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you;
- 3) default risk – risk that the bond issuer may be unable to pay you the contractual interest or principal on the bond in a timely manner or at all; and
- 4) inflation risk – risk that price increases deteriorate performance returns.

This is not an all inclusive list of risks. Please note: Past performance cannot guarantee future results. Recommended changes in client portfolios will only be made with direct approval from the client.

ITEM 9: Disciplinary Information

Not applicable. We have not been involved in any disciplinary issues.

ITEM 10: Other Financial Industry Activities and Affiliations

All representatives of our firm that provide advice to you are associated with Royal Alliance Associates, Inc. as Registered Representatives. Royal Alliance is a diversified financial services company registered with the Financial Industry Regulatory Authority ("FINRA") as a broker-dealer engaged in the offer and sale of securities products. Our Advisory Representatives may recommend the purchase of securities offered through Royal Alliance. If you purchase these products through them, they will receive normal commissions which may be in addition to customary advisory fees. As such, Advisory Representatives may have an incentive to sell you commissionable products in addition to providing you with advisory services when such commissionable products may not be suitable. Alternatively, they may have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments, if they deem that the payout for recommending the purchase of these investments would be higher than providing management advice on these products for an advisory fee. Therefore, a conflict of interest may exist between their interests and your best interests.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain products and are encouraged to ask us about any conflict presented.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service we offer.

ITEM 11: Code of Ethics

Creative Asset Management has adopted a Code of Ethics to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of your security holdings and financial circumstances are confidential; and
- The principle that independence in the investment decision-making process is paramount.

We will provide a copy of the Code of Ethics to you or any prospective client upon request.

Creative Asset Management may recommend securities to buy or sell for your accounts at or about the same time we may buy or sell the same securities in our own account. As such, there may be instances where our interests may appear to be placed ahead of yours. To mitigate this conflict, our firm policy prohibits us from receiving a better price on our order, if you and us invest in the same security on the same side of the market on the same day.

ITEM 12: Brokerage Practices

Soft dollar benefits are research or other products or services we may receive from outside sources for recommending to you specific client securities transactions. Though we may have an incentive to offer a particular product or service and receive soft dollar benefits, this goes against the policies set forth by our broker dealer, Royal Alliance. As such, we do not make any financial recommendations based upon soft dollar benefits nor do we receive any soft dollar benefits from the companies or products we recommend.

ITEM 13: Review of Accounts

Client accounts are formally reviewed on a quarterly basis, though account holdings are monitored much more frequently. Clients will receive written quarterly, semi-annual or annual performance reports based upon their individual agreement with the firm.

ITEM 14: Client Referrals and Other Compensation

Creative Asset Management does not pay for client referrals from any source, nor do we receive any compensation other than client fees and commissions outlined in Item 5 above.

ITEM 15: Custody

Not applicable; we do not maintain custody of your assets. Your account assets are maintained by the individual mutual fund, life insurance company or brokerage firm. You will receive account statements no less than quarterly from each of these individual companies.

ITEM 16: Investment Discretion

Discretion is defined as the ability to determine, without obtaining client consent, the securities and the amount of the securities to be bought or sold and the timing of the purchase or sale. It does not exceed to the withdrawal or transfer of client funds.

Creative Asset Management does not have discretion over client accounts. All investment recommendations will be discussed with the client and permission will be received from the client prior to any buying or selling of securities on behalf of the client.

ITEM 17: Voting Client Securities

Royal Alliance does not permit us to vote client proxies. As such, we do not have the authority to vote proxies solicited by, or with respect to, the issuers of securities held in your account. Typically, proxy materials will be forwarded to you by the security custodian. We will forward proxy materials that we may receive to you. Please contact us at any time with questions you may have regarding proxy solicitations.

ITEM 18: Financial Information

Per SEC instructions, since Creative Asset Management does not bill six months or more in advance and we have not been the subject of a bankruptcy petition, we do not need to include detailed financial statements regarding our firm.

ITEM 19: State-Registered Advisers

Christopher G. Kau
President / Chief Compliance Officer
Birth Year: 1943
Education: Monmouth University
Bachelor of Science – Finance
1968

Mr. Kau's background includes 18 years in banking holding positions as Vice President and Senior Vice President prior to starting Creative Asset Management in 1988. Mr. Kau spends 80% of his time providing investment advisory services and 20% on furnishing advice to clients on matters not involving securities.

A complaint was filed against Creative Asset Management and Mr. Kau in March, 2007 in the amount of \$800,000, alleging breach of fiduciary duty/negligence and rendering unsuitable investment advice. Not only were the allegations false, but Creative Asset Management's detailed records showed recommendations were made to the client (some accepted, some not) and the signed approval by the client for every decision that was made and acted upon. Over the 18 year relationship with this client, the client achieved an overall gain of 632%. The case was settled in February 2009 for \$62,500 with no fault rendered upon the advisor.

APPENDIX

2012 ANNUAL FEE SCHEDULE

*Based Upon Percentage of
Assets under Management*

<u>Average Portfolio</u>	<u>Fee as Percentage of Assets</u>		
	Schedules		
	<u>A</u>	<u>B</u>	<u>C</u>
\$25,000 to \$100,000	2.110%	2.110%	1.617%
\$100,001 to \$150,000	1.759%	1.618%	1.468%
\$150,001 to \$250,000	1.408%	1.266%	1.149%
\$250,001 to \$500,000	1.055%	0.914%	0.830%
\$500,001 to \$1,000,000	0.914%	0.747%	0.676%
\$1,000,001 to \$1,500,000	0.845%	0.676%	0.532%
\$1,500,001 to \$2,000,000	0.774%	0.605%	0.521%
\$2,000,001 to \$3,000,000	0.747%	0.563%	0.490%
\$3,000,001 to \$4,000,000	0.676%	0.491%	0.480%
\$4,000,001 to \$5,000,000	0.648%	0.449%	0.471%
Greater than \$5,000,000	0.605%	0.351%	0.462%