

# **FinancialAdvice4Me, LLC dba Plan & Act**

## **Fee-Only Financial Planning & Investment Advice**

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## **Firm Brochure**

(Part 2A of Form ADV)

**June 29, 2015**

This Brochure provides information about the qualifications and business practices of Plan & Act. If you have any questions about the contents of this Brochure, please contact us at (720) 924-7540 or by email at [info@planandact.com](mailto:info@planandact.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Plan & Act is a registered internet investment adviser. 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 Plan & Act also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

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

The last annual update of our Brochure was on 3/13/2015. There have been two material changes since the last annual update of our Brochure: an additional 1% owner and the elimination of money management as a provided service.

### **Item 3 – Table of Contents**

Item 2 – Material Changes.....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	4
Item 7 – Types of Clients .....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	4
Item 9 – Disciplinary Information .....	5
Item 10 – Other Financial Industry Activities and Affiliations .....	5
Item 11 – Code of Ethics .....	5
Item 12 – Brokerage Practices .....	6
Item 13. – Review of Accounts or Financial Plans .....	6
Item 14. – Client Referrals and Other Compensation .....	6
Item 15. – Custody.....	6
Item 16. – Investment Discretion.....	6
Item 17. – Voting Client Securities .....	7
Item 18 – Financial Information.....	7

## Item 4 – Advisory Business

### *Firm Description*

Plan & Act (“Plan & Act”) was founded in 2008 by David Ron, Robert J. Schumann, Larry J. Soukup and Eldad Taub under the legal name of FinancialAdvice4Me, LLC. The business purpose is to deliver affordable, fee-only, financial planning, asset management, and investment advice to Middle America. Each client is interviewed in an online “chat”. A rules-based “expert system” synthesizes client data and develops a comprehensive plan for wealth accumulation, conservation or distribution. The expert system is based on thirty years of experience and several thousand cases. The system applies current tax law and the most recent developments in those areas of personal finance that affect the majority of US households.

Plan & Act is an SEC-registered internet investment adviser relying on rule 203A-2(e) under the Investment Advisers Act of 1940. An internet investment adviser provides investment advice to all its clients exclusively through an “interactive website”. A limited exception, however, permits an adviser relying on the rule to provide investment advice to fewer than 15 Clients through other means during the preceding 12 months. The rule defines “interactive website” as a website in which computer software-based models or applications provide investment advice to Clients based on personal information provided by each Client through the website.

### *Principal Owners*

Ownership is as follows:

TKT, LTD	80.08%
Cambridge Financial Advisors, LLC	17.23%
Online365, LTD	1.69%
SUM180, LLC	1.00%

### *Types of Advisory Services*

#### (i) Financial Planning:

We provide a variety of financial planning services to individuals and families regarding the management of their financial resources based upon an analysis of the client’s current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan based on the client’s financial goals and objectives. Our written financial plans rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services.

We provide our clients with a written summary of their financial situation, observations, and recommendations. Plans are typically completed within three (3) weeks once the client has signed a contract with us and provided us with all the information and documents we request. Implementation of the recommendations will be at the discretion of the client.

Comprehensive planning may include recommendations in the areas listed below. Areas 8, 9, 10 and 11 will be included on an “as needed” basis:

1. Determination of age and wealth positions on a ten stage financial life cycle
2. Calculation of net worth
3. Recommendation of an accumulation, conservation or distribution strategy
4. Income tax planning
5. Budgeting/cash flow
6. Real estate analysis
7. Debt or wealth restructuring
8. Life insurance analysis
9. Retirement accumulation planning
10. Retirement income planning
11. Children’s education planning
12. Liquidity (emergency fund) planning
13. Portfolio analysis
14. Measurement of investor risk profile which includes:
  - a. Risk capacity (financial)
  - b. Risk required (financial)
  - c. Risk tolerance (psychological)
15. Asset allocation to match risk profile
16. Security selection

A sample financial plan can be downloaded from the Plan & Act website.

After the Client engages the services of Plan & Act by signed acknowledgement of the Financial Planning Agreement, the Client will answer questions to create a secure Client vault on Plan & Act servers. The client is NOT asked for personal information such as Social Security number, driver’s license or numbers on personal accounts. If financial statements are submitted, the Client is asked to black out Social Security and account numbers.

In performing its services, Plan & Act shall not be required to verify any information received from the Client or from the Client’s other professionals, and is expressly authorized to rely thereon. If Client wishes to change his or her financial situation or investment objectives for the purpose of reviewing, evaluating, and revising, Client may choose to engage Plan & Act for additional project based services.

(ii) Money Management:

We do not offer money management.

## **Item 5 – Fees and Compensation**

We are required to describe our brokerage, custody, fees, and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable.

(i) Financial Planning and Consulting:

We charge on a flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our flat fees generally range from \$199 to \$299. Plan & Act's fee for the services described above is disclosed in the Financial Planning Agreement where the Client's credit card is charged at a flat fee generally at a range of \$199-299 over the web. The fee will be charged to the Client's credit card at the time financial services are rendered.

(ii) Money Management:

NA

### *Third Party Licensing Fees*

Plan & Act has entered into agreements with various third party advisors such as CPAs, accountants, and independent investment advisory representatives who have signed licensing agreements to use Plan & Act financial plans with their clients. Plan & Act will not take part in these live consultations since it is relying on rule 203A-2(f) of an internet investment advisory firm. Depending on the licensing agreement, Plan & Act may be compensated by the third party advisor directly. In this case, the third party gives the client a "Code" to access the Plan & Act online chat without having to pay a fee. In the second type of licensing agreement, Plan & Act will collect the financial planning fee, retain fifty (50%) percent as the "financial planning fee" while remitting the remaining fifty (50%) percent to the third party advisor for referring the client and providing support for the gathering and inputting of client data. In both cases, the third party advisor is responsible for providing client support before, during and after the interview process.

Fees will be charged to the Client's credit card at the time financial services are rendered.

Clients must provide Plan & Act with five (5) days written notice (email notification by the Client to Plan & Act suffices) to terminate their advisory agreement with Plan & Act. Clients will not be charged an advisory fee from the date their termination notice is received by Plan & Act until their account is moved to another investment adviser, liquidated or the relationship is otherwise concluded.

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

Plan & Act does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Such fees may create a conflict of interest and incentives to take more risk.

## **Item 7 – Types of Clients**

We have the following types of clients:

- Individuals.

Plan & Act has delivered about 300 financial plans to individuals and families with a net worth ranging from -\$30,000 to +\$7,000,000. Plan & Act's target market is individuals with investable assets of \$10,000 to \$1,000,000.

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

### *Methods of Analysis*

Plan & Act accepts the underlying assumption of Modern Portfolio Theory that capital markets work and offer returns commensurate to the risks investors are willing to take. While methods of fundamental analysis are used, the market price is probably the best estimate of a security's intrinsic value.

Investment strategies based on these assumptions may have a higher probability of success than theories based on speculation about "mispriced" securities and costly analysis of those securities. The biggest drag on investment performance is cost. Costs are incurred by trading, taxes, security analysis, and management fees. Mispricing may occur, but an active money manager must recover the cost of his or her services just to take advantage of it. The evidence suggests that a proven way to enhance investment performance is through diversification. Diversification means building portfolios with non-correlated asset classes and categories. Wherever possible, asset allocation recommendations are implemented with low cost, passively managed mutual funds and Exchange Traded Funds (ETF) from companies like Vanguard, Dimensional Fund Advisors and Fidelity. Where passively managed securities are not available, lost cost actively managed funds may be recommended.

### *Investment Strategies*

Individual portfolios differ from institutional portfolios. An institutional portfolio is usually very large (hundreds of millions of dollars) with a single goal and a single time horizon. Individual portfolios are significantly smaller (less than 1-5 million dollars) with multiple goals such as new home purchase, emergency fund, college funding, retirement, long term care, etc. Plan & Act investment strategies account for these differences by applying a model of "Functional Asset Allocation" (FAA) as an overlay to Modern Portfolio Theory.

FAA includes the personal residence which is usually the biggest investment for most US households. FAA also includes other personal and business real estate.

### *Risk of Loss*

Investing in securities involves risk of loss that clients should be prepared to bear.

## **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 Plan & Act or the integrity of Plan & Act's management. Plan & Act has no information applicable to this Item.

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

### *Activities*

Plan & Act does NOT engage in any other activities other than financial planning, assets under advisement, and investment advice.

### *Affiliations*

One of the owners, Cambridge Financial Advisors, LLC, is a Colorado Registered Investment Adviser.

Plan & Act may also form affiliations with other Registered Investment Advisers who wish to license Plan & Act technology. Third party advisers define the scope of their services and set their own prices. This may create an opportunity for different prices for essentially the same financial plan. Plan & Act manages this conflict by charging the same fee to third party advisers and to clients of third parties as it charges to its own clients. The only exception is Cambridge Financial Advisors, LLC which receives a \$100 discount as an acknowledgement of the investment and contributions to Plan & Act.

## **Item 11 – Code of Ethics**

An investment adviser is considered a fiduciary and our firm has a fiduciary duty to all of our clients. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes policies and procedures to avoid Insider Trading, as well as Personal Securities Transactions Policies and Procedures. Upon employment or affiliation, and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to



all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest. Related persons of our firm may buy or sell securities and other investments that are also owned by our clients. In order to minimize this potential conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

### **Item 12 – Brokerage Practices**

Not applicable. See Item 4(ii).

### **Item 13. – Review of Accounts or Financial Plans**

Financial planning clients do not receive reviews of their written plans. However, clients can update their financial plans by entering into a new financial plan engagement. We generally recommend that this be done every one to three years depending on the financial circumstances of the client.

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

Plan & Act may pay referral fees (non-commission) to independent solicitors (nonregistered representatives) for the referral of their Clients to Plan and Act in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. This arrangement will not result in higher costs to the Client. In this regard, Plan & Act maintains *Solicitors Agreements* in compliance with Rule 206(4)-3 of the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will be observed. All Clients referred by Solicitors to Plan & Act will be given full written disclosure describing the terms and fee arrangements between Plan & Act and its Solicitor(s).

### **Item 15. – Custody**

Not applicable. See Item 4 (ii).

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

Not applicable. See Item 4(ii).

**Item 17. – Voting Client Securities**

Not applicable. See Item 4(ii).

**Item 18 – Financial Information**

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year.

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Plan & Act's financial condition. Plan & Act has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.