

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

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

134 F Street • Suite #206 • Salida, CO 81201

(720) 924-7540 • [info@planandact.com](mailto:info@planandact.com)

[www.planandact.com](http://www.planandact.com)

## **Firm Brochure**

(Part 2A of Form ADV)

**March 31, 2014**

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 3/27/2013. There have been no material changes since the last annual update of our Brochure.

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## 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(f) 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	80.88%
Cambridge Financial Advisors, LLC	14.40%
Online365, LTD	1.71%

### *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 emphasize continuous and regular account supervision. As part of our assets under advisement service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to his or her specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

## **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:

<u>Assets under Advisement</u>	<u>Annual Percentage of assets charge*:</u>
\$0 to \$500,000	0.75%
Over \$500,000	0.50%

Example:

\$650,000 under Advisement is calculated at 0.75% of the first \$500,000 (\$3,750) plus 0.50% of the next \$150,000 (\$750) for a total of \$4,500 annually.

\*Our firm's fees are billed on a pro-rata annualized basis quarterly in advance or quarterly in arrears based on the value of your account on the last day or time-weighted daily average of the previous quarter or quarter.

#### *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, low 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**

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

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

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

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

Plan & Act has adopted its Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Plan & Act must acknowledge the terms of the Code of Ethics annually, or as amended.

## Item 12 – Brokerage Practices

Our firm has an arrangement with Scottrade, Inc. - Member FINRA and SIPC (“Scottrade”). Scottrade offers to independent investment Advisers services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from Scottrade through our participation in the program.

As part of the arrangement described in Item 12A1, Scottrade also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Scottrade directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Scottrade to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Scottrade to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed in 12A(1)a of this Firm Brochure for no additional cost, we may have an incentive to continue to use or expand the use of Scottrade’s services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Scottrade and we have determined that the relationship is in the best interest of our firm’s clients and satisfies our client obligations, including our duty to seek best execution.

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

Our clients may pay a commission to Scottrade that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research

services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

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

Our firm does not receive brokerage for client referrals. Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

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

Should a Client direct in writing that the Adviser or our firm use a particular broker or dealer, then such Client will negotiate terms and arrangements for their Account with that broker or dealer and we will not seek better execution services or prices from other broker-dealers. As a result, such Client Account may pay higher commissions or greater spreads, or receive less favorable net prices, on transactions for the Client Account than would otherwise be the case.

Adviser and our firm are not responsible or liable for the acts or omissions of any broker-dealer.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts.

When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

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

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

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.

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

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

Except for the arrangements outlined in Item 12 of this brochure, we have no additional arrangements to disclose.

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**

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

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

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Money Management clients. We do not take or exercise discretion with respect to our other clients.

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

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

### **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.