

# **PLP ADVISORS, LLC**

**FIRM BROCHURE  
MARCH 31, 2013**

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This brochure provides information about the qualifications and business practices of PLP Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (888) 860-9560. The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission or by any state securities authority.

PLP Advisors, LLC is a registered 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 PLP Advisors, LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Adviser is 153996.

## **2. MATERIAL CHANGES**

This Brochure dated March 31, 2013 is a new document prepared according to the SEC's new requirements and rules.

This Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

Since the last Brochure dated August 15, 2012, the Firm has entered into an agreement with USA Wealth Management, LLC, agreeing to place the Firm's business with USA Wealth Management, LLC for ease of doing business.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may be requested by contacting Valerie Zoerhof, Chief Compliance Officer at (800) 553-7526.

Additional information about PLP Advisors, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Adviser is 153996. The SEC's web site also provides information about any persons affiliated with the Firm who are registered or are required to be registered as investment adviser representatives.

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#### **4. ADVISORY BUSINESS**

##### **a. OWNERSHIP/ADVISOR HISTORY**

PLP Advisors, LLC (“PLP Advisors”) is an investment adviser registered with the Securities and Exchange Commission (“SEC”). Dennis Tubbergen and Frederick Gearhart established PLP Advisors in May 2010.

##### **b. ADVISORY SERVICES OFFERED**

Prior to the Adviser-Client relationship, the Firm may offer a complimentary general consultation to discuss services available, to give a prospective Client time to review services desired, and to determine the possibility of a potential relationship. Investment advisory services begin only after the Client and Firm formalize the relationship with a properly executed Client Agreement.

After engaging the Firm, the Client will be asked to share in a data gathering and discovery process in an effort to determine the Client’s stated needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the Client and the nature of services requested.

##### **1. PORTFOLIO MANAGEMENT SERVICES**

PLP Advisors, LLC offers the Managed Risk portfolio to its clientele. The objective of this portfolio is designed to generate growth while protecting assets from a market decline. Holdings in this portfolio may be in fixed interest instruments, corporate bonds and may also purchase call options on stocks or ETFs. Having a particular investment strategy does not ensure a profit or guarantee against loss. As with any major investment decision, the services of an appropriate professional should be sought as investment related recommendations are dependent upon the personal financial situation of each individual investor.

##### **2. FINANCIAL PLANNING SERVICES**

The Firm offers Clients financial planning services to evaluate their financial situation, goals and risk tolerance. Through a series of personal interviews and the use of questionnaires, the Firm will collect pertinent data, identify goals, objectives, financial problems, and potential solutions, prepare specific recommendations and implement recommendations. As a result of these actions, the Firm’s advice may be provided on financial and cash management, risk management, financial issues relating to divorce or marital issues, estate planning, tax issues, retirement planning, educational funding, goal setting, or other needs as identified by the Client and Firm. The Firm may offer comprehensive planning services or the Client may desire advice on certain planning components; the Firm can tailor services as desired by the Client. At the conclusion of the Financial Planning Service the Firm shall present the Client with a written financial plan.

### 3. NEWSLETTER PUBLICATION

The Firm does not offer a newsletter publication. However, the Firm may provide its Clients a complimentary newsletter offered by its affiliated registered investment advisor, USA Wealth Management, LLC. The newsletter includes a market overview and general analysis regarding specific sectors of the economy and various markets. The newsletter is provided for education purposes only and does not render advice on the basis of specific investment situations of any particular client. As such, the views expressed in the newsletter do not constitute investment advice and should not be interpreted as a recommendation to buy, hold or sell any particular security. Prior to making any investment decision, the services of an appropriate professional should be sought. It is important to know that actual investment decisions made by the Firm and its affiliates will not necessarily reflect the views expressed in the newsletter as the Firm's portfolio is managed with a specific goal and risk tolerance in mind. The Firm has a fiduciary responsibility to its clientele, not to newsletter recipients, an important distinction.

#### c. TAILORED SERVICES

The Firm offers individualized investment advice to clients utilizing its Financial Planning Services. The Firm's Portfolio Management Services are tailored to the goals of the portfolio. As a result, we usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to a separate account held outside of our portfolios.

#### d. WRAP PROGRAM

The Firm does not participate in a wrap program. This section is not applicable.

#### e. CLIENT ASSETS MANAGED

As of February 28, 2013, the Firm manages approximately \$3,500,000 in discretionary assets.

## 5. **FEES AND COMPENSATION**

#### a. PORTFOLIO MANAGEMENT SERVICES

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance. Fees are billed directly to the client, payable monthly in advance. If either party terminates the agreement prior to the end of the month, a pro-rata refund of unearned fees will be made to the client. For the pro-rata refund to occur, the Firm must receive written notification terminating the agreement at least 10 days prior to the account(s) being closed and/or transferred. Either party may terminate the agreement at any time by written notice, effective upon receipt.

Fees for portfolio supervisory service will be, at a minimum, a flat fee of \$900 annually, to be paid monthly. Fees for portfolio supervisory services will not exceed 2% of the account's fair

market value. The Firm provides the Client with a detailed breakdown of the investment management fee in the Firm's Investment Management Agreement.

The management fees are to be charged once the account is opened, funded and invested. Clients pay periodic investment management fees. These fees are incremental and due monthly in advance. The billing rates for periodic fees may be modified on 30-days' notice. The Firm may aggregate related accounts and, for billing purposes, treat them like one account.

The annual advisory fee may exceed fees customarily charged to accounts of similar size and objectives. Similar services may be available at a lower fee from another advisor.

In the case of a brokerage account, fees will be billed to, and paid by, the client's custodian by deducting the fees from the Account by USA Wealth Management. USA Wealth Management will be responsible for sending our monthly fee invoice to the custodian and to each client. The client fee invoice will state the applicable fee amount and the value(s) of the Account. A client may object to the deduction of fees from the account by notifying us at the address or telephone number shown on each billing invoice or by notifying the custodian. Clients may terminate this authorization at any time by giving us ten days written notice.

We may from time to time unilaterally amend our fees and billing arrangements. Any change will only become effective after 30 days' prior written notice. Our fees are not based on the financial performance or capital gains or losses experienced by the Account.

Management fees will be requested by the Firm to USA Wealth Management, LLC who will then be responsible for collecting the fees from the Client's account.

#### Termination of Portfolio Management Services

A client may terminate the Investment Management Agreement for any reason at any time and, within the first five (5) business days after signing the contract, without any cost or penalty. Thereafter, the contract may be terminated either by a client or the Firm at any time by giving ten (10) days' written notice, to PLP Advisors, LLC, attention Valerie Zoerhof, 961 Four Mile Road NW, Grand Rapids, MI 49544. Upon termination, fees will be prorated for the number of days that services were rendered based on the Account's valuation as of the termination date so long as the written notification was received within the specified time frames of the account being closed and/or transferred.

#### b. FINANCIAL PLANNING

Financial plans are provided at an Hourly or Fixed rate. The Hourly planning fee will not exceed \$500 per hour. The maximum Hourly fee chargeable to a client is \$20,000. Fixed planning fees range from \$250 - \$20,000. All fees are agreed to in advance and in writing. The actual fee will depend upon the complexity of the financial situation and the estimate of hours involved, including preparation and research, areas to be specified and estimated in the written agreement for services. The fee is payable no later than six months after signing the agreement, to include an initial deposit agreed upon in writing, not to exceed \$500.

Review consultations are provided to existing clientele to reevaluate their financial situation, goals and risk tolerance. Financial review plans are provided at an hourly rate not to exceed \$500 per hour. The maximum fee is \$5,000. Fees for review planning services are agreed upon in advance, in writing and are dependent upon the complexity of the financial situation and the estimated number of hours involved, including preparation and research. The fee is payable upon the signing of the agreement. As this service is provided for existing clientele, a refund for this service is not provided.

No client is obligated in any way to follow the adviser's recommendations nor, if electing to follow the recommendations, to do so through PLP Advisors, LLC, or its affiliated persons.

#### Termination of Financial Planning Services

A client may cancel the financial planning service agreement for any reason during the first 90 days from the date of signing the agreement and will receive a refund of 100% of all fees paid. To cancel the agreement, a client must notify the adviser and return any materials received to that date. Notice can be sent to PLP Advisors, LLC, attention Valerie Zoerhof, 961 Four Mile Road NW, Grand Rapids, MI 49544.

A client may request a 100% refund within one year of signing the financial planning agreement, if the client is of the opinion that the services provided by a financial professional of the Firm have not resulted in a value of at least twice the sum of fees paid for that service.

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

The Firm 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). Therefore, this section is not applicable.

### **7. TYPES OF CLIENTS**

The Firm's services are offered to individuals, trusts and estates, charities, pension and profit sharing plans, corporations and other businesses entities. The Firm's portfolio management services require a minimum account size of \$50,000. Exceptions may be made, solely at the Firm's discretion, based on such factors as prior or anticipated investment activity. The Firm may also aggregate related accounts in the same household in determining whether the account minimum has been met and in calculating the rate applicable to the fees.

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

#### **a. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

The Firm is required to give a description of the methods of analysis and investment strategies it uses in formulating investment advice or managing assets.

#### Methods of Analysis:

- Charting
- Fundamental



- Technical

Investment Strategies we use:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)

With respect to the Firm's portfolio management services, the Firm follows the core principles that an actively managed portfolio of fixed income vehicles and call options can provide a reasonable flow of income while capital can be preserved. When deciding on the asset allocation for a portfolio, the Firm studies various market indicators such as monetary policy, interest rates, inflation as well as financial newspapers and magazines, research prepared by other advisers, company press releases, prospectuses, annual reports, and other market related filings. Securities and bonds are managed based on their current yield, yield to maturity, and duration observing to any call features that could affect the future income from each investment. The ability to increase income while maintaining principal will depend on both the direction and level of interest rates over time.

b. INVESTMENT RISKS

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that Clients should be prepared to bear.** While we recommend various securities that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. Clients need to ask questions about risks they do not understand. We would be pleased to discuss them.

We strive to render our best judgment on behalf of our Clients. Still, we cannot assure or guarantee Clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio.

Market conditions can vary widely over time. Investing in securities involve a risk of principal loss. Investing in non-U.S. securities may entail higher risk due to non-U.S. currency fluctuations and political or economic uncertainty which may be especially heightened when investing in emerging markets. Having a particular investment strategy does not guarantee a profit and/or guarantee against loss. Investors should consider the investment objectives, risks, and fees carefully before investing.

The Firm's investment portfolio is not intended to be actively managed and therefore should not involve above average portfolio turnover which could result in adverse tax consequences in non-qualified accounts.

The Client's account performance could be hurt by these risks:

- **Call option risk:** There is a substantial risk that a call option could expire worthless. Also, the call option, if exercised, could result in a profit that is lower than could be realized if holding the related security.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates. Interest rate risk will vary for the Client, depending on the amount of Client assets invested in bonds.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the Client's account to underperform relevant to benchmarks or other accounts with a similar investment objective
- **International Investing Risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, and regulatory and financial reporting standards, that differ from those of the U.S.

c. RECOMMENDED SECURITIES AND THEIR RISKS

The Firm recommends several types of securities. They and their risks are as follows:

**Exchange Traded Funds ("ETF")**

**Definition** – An exchange-traded fund (ETF) is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. Most ETFs track an index, such as the S&P 500.

ETF investments and have risks similar to stocks. There are risks involved with investing in ETFs including the risk of principal (i.e. possible loss of money). The share price may trade above or below the purchase price.

**Market Risk** – Since the ETF invests most or a substantial portion of its assets in stocks, it is subject to stock market risk. Market risk involves the possibility that the value of the ETF's investments in stocks will decline due to drops in the stock market. In general, the value of the ETF will move in the same direction as the overall stock market in which the ETF invests, which will vary from day to day in response to the activities of individual companies, as well as general market, regulatory, political and economic conditions.

**Trading Risk** – Although ETFs will be listed on the Exchange, there can be no assurance that an active or liquid trading market for them will develop or be maintained. In addition, trading in the ETF on the Exchange may be halted due to market conditions or for reasons that, in the view of the Exchange, make trading in the ETF inadvisable. Further, trading in the ETF on the Exchange is subject to trading halts caused by extraordinary market volatility pursuant to the Exchange “circuit breaker” rules. There can be no assurance that the requirements of the Exchange necessary to maintain the listing of the ETF will continue to be met or will remain unchanged.

**Value Stock Risk** – Value stocks are subject to the risk that their intrinsic value may never be realized by the market or that their prices may go down. While the ETF’s investments in value stocks may limit its downside risk over time, the ETF may produce more modest gains than riskier stock funds as a trade-off for this potentially lower risk.

### **Options**

**Definition** - Options are derivative securities, which mean they derive their value from that of an underlying instrument, such as a stock, stock index, interest rate or foreign currency. An option is a contract that establishes a price and time frame for the purchase or sale of a particular security. Two parties are involved in the contract: one party receives the right to exercise the contract to buy or sell the underlying security; the other is obligated to fulfill the terms of the contract.

#### ***Risks:***

Like other securities - including stocks, bonds, and mutual funds - options carry no guarantees, and a person must be aware that it is possible to lose all of the principal he/she invests, and sometimes more. As an option holder, a person risks the entire amount of the premium he/she paid pay. But as an options writer, a person takes on a much higher level of risk. For example, if a person writes an uncovered call, he/she faces unlimited potential loss, since there is no cap on how high a stock price can rise. However, since initial options investments usually requires less capital than equivalent stock positions, a potential cash losses as an options investor are usually smaller than if someone bought the underlying stock or sold the stock short. The exception to this general rule occurs when an option is used to provide leverage: Percentage returns are often high, but it is important to remember that percentage losses can be high as well.

### **Bonds**

**Definition** - A bond is a negotiable certificate that acknowledges the indebtedness of the bond issuer to the holder. It is negotiable because the ownership of the certificate can be transferred in the secondary market. A bond is a debt security, in which the authorized issuer owed the holders a debt and depending on the terms of the bond, is obligated to pay interest (the coupon) to use and/or to repay the principal at a later date (maturity). Every bond has certain characteristics:

- A definite maturity date when the bond issuer promises to repay the bondholder who owns the security at the time

- A promise to pay taxable or tax-exempt interest at a state “coupon” rate in defined intervals over the life of a bond
- A yield, or return of investment, which is a function of the bond’s coupon rate and the price the investor pays, which may be more or less than the bond’s face value depending on a variety of factors
- A credit rating indicates the likelihood that the issuer will be able to repay its debt

A corporate bond is a bond issued by a corporation. It is a bond that a corporation issues to raise money effectively in order to expand its business. The term is usually applied to longer term debt instruments, generally with a maturity date falling at least a year after their issue date. Sometimes, the term “corporate bonds” is used to include all bonds except those issued by governments in their own currencies. Corporate bonds are often listed on major exchanges and the coupon (i.e. interest payment) is taxable. Sometimes this coupon can be zero with a high redemption value. Some corporate bonds have an embedded call option that allows the issuer to redeem the debt before its maturity date. Other bonds, known as convertible bonds, allow investors to convert the bond into equity.

High yield bonds are issued by companies with low credit ratings. As a result these bonds have a higher degree of market risk due to the potential for missed interest payments or, in the worst case a default on both interest and principal. These securities may also be subject to greater market price fluctuations than lower yielding higher rated debt securities. Generally, fixed income securities fluctuate in price due to changes in inflation expectations, changes in monetary policy, the timing of the business cycle and the ability for the bond market to absorb the sale of a large amount of securities. Interest income and the return of principal are only guaranteed by the issuing entity. If that entity fails to pay income or principal its existence may be questionable and little if any investment may be recovered.

**Risks** – While bonds are generally considered safer and more stable than stocks, they still have certain risks associated.

- **Interest rate risk:** when interest rates rise, bond prices fall. If you need money and have to sell your bond before maturity in a higher rate environment, you will probably get less than you paid for it. Interest rate risk declines as the maturity date gets closer.
- **Credit risk:** if the issuer runs into financial difficulty or declares bankruptcy, it could default on its obligation to pay the bondholders.
- **Liquidity risk:** if the bond issuer’s credit rating falls or prevailing interest rates are much higher than the coupon rate, it may be hard for an investor who wants to sell before maturity to find a buyer. Bonds are generally more liquid during the initial period after issuance as that is when the largest volume of trading in that bond generally occurs.

- ***Call risk or reinvestment risk:*** If a bond is callable, the issuer can redeem it prior to maturity, on defined dates for defined prices. Bonds are usually called when interest rates are falling, leaving the investor to reinvest the proceeds at lower rates.
- ***Market risk:*** The risk that the bond market as a whole would decline, bringing the value of individual securities down with it regardless of their fundamental characteristics.
- ***Selection risk:*** The risk that an investor chooses a security that underperforms the market for reasons that cannot be anticipated.
- ***Timing risk:*** The risk that an investment performs poorly after its purchase or better after its sale.
- ***Event risk:*** The risk that a bond's issuer undertakes a leveraged buyout, debt restructuring, merger or recapitalization that increases its debt load, causing its bonds' values to fall, or interferes with its ability to make timely payments of interest and principal. Event risk can also occur due to natural or industrial accidents or regulatory change.

### **Fixed Interest Securities**

***Definition*** – Fixed Interest Securities are debt instruments such as a bond, debenture or gilt-edged bond that investors use to loan money to a company in exchange for interest payments. Fixed interest securities pay a specified rate of interest that does not change over the life of the instrument. The face value is returned when the security matures. Fixed-interest securities are considered to be less risky than equities, since in the event that a company is liquidated, bondholders are repaid before shareholders. However, bondholders are considered unsecured creditors and may not get any or all of their principal back.

Fixed-interest securities are also subject to interest-rate risk. Since their interest rate is fixed, these securities will become less valuable as rates go up in a rising-interest-rate environment. If interest rates fall, however, the fixed-interest security becomes more valuable.

Fixed interest coupon payments are normally paid over the life of the security until maturity. The coupon payment is fixed (cannot fluctuate) and is known at the time of investment. Generally these payments are made semi-annually. After issue, the capital value of the security is market related and will fluctuate in value as market interest rates rise and fall. Interest rates and the period until maturity are the basis upon which tradable fixed interest securities are valued in the open market. That is, if market interest rates drop below the interest rate being paid for the fixed interest security purchased, the value of the security is worth more and likewise, if interest rates rise, the value of the security is worth less.

Whilst the original face value is repayable on maturity, capital profits and losses arise in the secondary market because of changes in interest rates during the term of the investment. The

premium or discount applicable at any time affects the net return achieved by the investor for the period the security has been owned.

When an individual investor purchases a bond and holds it to maturity, he or she will obviously not lose any capital value. If, however, during the term of the investment the bond is sold in the secondary securities market, a gain or loss may result against the original purchase price.

**Risks** - While fixed interest securities are generally considered safer and more stable than stocks and bonds, they still have certain risks associated.

- Unlike equities, your income will be pre-determined. Your right to receive the interest, and the final return, can be traded on the stock market to other investors.
- The amount of interest paid will be greater than deposit accounts, because the risks are slightly higher.
- Government bonds are regarded as relatively safe
- Most Corporate Bond funds state they use only Investment Grade Corporate Bonds, which are bonds with a very low, to medium level of risk.
- There is some degree of risk with Fixed Interest Securities. There's always a chance that the loan may not be repaid. Companies with high credit ratings tend to be more secure.
- Some funds state they invest in Speculative Grade Corporate Bonds, also known as High Yield, or Junk Bonds. Although higher rates of interest are paid, these are very high risk.
- If savings account interest rates rise, then the amount of extra interest gained by investing in the fixed interest investment will reduce, even though the risk will stay the same. It makes it less valuable to other investors and means you will get less if you sell it.

## **9. Disciplinary Information**

We are required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a management person has been involved in one of these events, we must disclose it under this Item for ten years following the date of the event unless (1) the event was resolved in our or the management person's favor, or was reversed, suspended or vacated, or (2) the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events that need to be disclosed. If our advisory firm or a management person has been involved in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a client's or prospective client's evaluation of our advisory business or

the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a client's or prospective client's evaluation of our firm or management.

We have determined that the Firm has nothing to disclose under the aforementioned standard. While Mr. Tubbergen served as an officer and a registered representative of USA Advanced Planners, Inc., a FINRA registered broker-dealer, FINRA raised concerns with the brokerage firm's first life settlement transactions, which closed in 2006 and 2007. The brokerage firm had not sent transaction confirmations and FINRA disagreed with the method by which the brokerage firm determined its compensation, which in FINRA's view was excessive under the circumstances. The brokerage firm had followed the life settlement industry's guidelines for compensation in sales of fixed life insurance. Upon first becoming aware of FINRA's concern in May of 2007, the brokerage firm promptly modified its policies and procedures and closed all subsequent variable life settlement cases without regulatory concerns. All of the firm's variable life settlement transactions were completed prior to the publication of FINRA's Notice to Members 09-42, released in 2009, applying NASD rules 2440, and 2110 to variable life settlements. To resolve FINRA's issue, the brokerage firm offered to refund a portion of the commissions charged to the customers. An agreement was reached with FINRA without the brokerage firm or Mr. Tubbergen admitting or denying FINRA's allegations. As part of this agreement, Mr. Tubbergen was censured and the firm paid restitution to the clients.

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

### **a. BROKER-DEALER AFFILIATIONS**

The Firm is not affiliated with a broker-dealer.

### **b. FUTURES/COMMODITIES FIRM AFFILIATION**

The Firm, its management and investment adviser representatives are not affiliated with a futures or commodities broker.

### **c. OTHER INDUSTRY AFFILIATIONS**

The Firm's owners, Dennis Tubbergen and Frederick Gearhart, along with many of its investment adviser representatives are independent insurance agents (Life and Health Licensed). This activity is considered investment related and they may recommend it to the Firm's Clients. All sales as an insurance agent will pay a commission that is separate from the fees outlined above. This creates a conflict of interest because it creates a financial incentive to recommend investment products based on compensation rather than on a Client's need. The Firm, its owners and investment adviser representatives attempt to mitigate any conflicts of interest to the best of their ability by placing the Clients interests ahead of their own, through their fiduciary duty and through the implementation of policies and procedures that address the conflict. Additional information about each representative's insurance activities can be found their ADV Part 2B - Supplemental Brochure.

The Firm has an affiliated registered investment adviser, USA Wealth Management, LLC (“USA Wealth Management”). USA Wealth Management provides assistance in developing investment strategies, monitor performance of investments and provide ongoing advice to investment advisor representatives and their clients. The firms do not share fees.

#### SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS

The Firm does not recommend the services of Third Party Investment Advisers. This section is not applicable.

### **11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

#### **a. DESCRIPTION**

The Firm’s Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. The Firm will provide a copy of our Code of Ethics to any Client or prospective Client upon request.

The Firm’s Code of Ethics covers all supervised persons and it describes 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 the Firm must acknowledge the terms of the Code of Ethics annually, or as amended.

#### **b. MATERIAL INTEREST IN SECURITIES**

The Firm, its owners and investment adviser representatives do not recommend the purchase or sale of securities in which they have a material financial interest.

#### **c. INVESTING IN OR RECOMMENDING THE SAME SECURITIES**

On occasion, the Firm’s owner and investment adviser representatives may buy or sell for their own accounts securities that are the same as, similar to, or different from those that they recommend to their Clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. The Firm attempts to mitigate the conflict of interest to the best of its ability through the enactment of the Firm’s code of ethics, trading policies, and its fiduciary responsibilities. Nonetheless, the Firm generally attempts to place Client transactions ahead of the owners and investment adviser representative’s trades. The associates of the Firm are aware of their fiduciary duty to their Clients and the prohibitions against the use of any insider information. Records of all associates’ proprietary trading activities will be kept by the Firm, available to regulators to review on the premises.

### **12. BROKERAGE PRACTICES**



a. RECOMMENDATION CRITERIA

When the Firm recommends brokers or custodians, it will seek broker dealers who offer competitive commissions costs together with reliable services. A Client's choice of another broker-dealer is acceptable if proven feasible. The Firm has entered into an agreement with USA Wealth Management to place investment accounts asset at through USA Wealth Management utilizing Scottrade for transaction execution. The Firm believes that USA Wealth Management's existing agreement with Scottrade recognizes its fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability/inventory on behalf of its Clients. Neither we nor USA Wealth Management receives compensation with respect to execution of trades at Scottrade.

With the use of independent broker-dealers, a Client may incur a ticket charge or sales commission for the sale or purchase of securities. The Firm does not receive any portion of the ticket charge or sales commission.

i. RESEARCH AND OTHER SOFT DOLLAR BENEFITS

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. The Firm does not receive "soft dollars" from any vendor or service provider in exchange for our placement of brokerage transactions.

ii. BROKERAGE FOR CLIENT REFERRALS

The Firm does not receive Client referrals or any other incentive from Scottrade or any other third party.

iii. DIRECTED BROKERAGE

Some Clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on Clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the Clients' account because the Firm cannot negotiate favorable prices.

b. TRADE AGGREGATION

The Adviser through USA Wealth Management will have the authority to aggregate or block client orders placed with the same custodian. To the extent any aggregated or block orders are placed, the Adviser through USA Wealth Management will cause those orders to be effected through an average price account or similar account such that each account at the same custodian participating in the order shares in the securities purchased or sold, price, and transaction costs pro rata (unless pro rata would be unfair under the circumstances). As a result the average price account will allocate proportionate shares to each client's account. It will also provide clients

with an average price for the securities transaction or transactions, which could reduce the transaction costs for the client.

### **13. REVIEW OF ACCOUNTS**

#### **a. PERIODIC REVIEWS**

Representatives and solicitors of PLP Advisors, LLC evaluate whether the Managed Risk Portfolio is best suited to a client's stated goals and determined risk tolerances. Any change in a client's financial situation, goals or risk tolerance may also affect the current strategy guiding a client's portfolio and other investments. Clients are hereby urged to notify their adviser representative of any such change at their earliest convenience. The number of accounts handled by the Firm's representatives varies because each representative is generally responsible for servicing those clients with whom he or she has personally developed a client relationship. Each representative is encouraged to conduct a formal/in-person review of their clients' accounts on an annual basis at minimum. In-house accounts are typically reviewed formally/in-person on a semi-annual basis.

#### **b. OTHER REVIEWS**

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a Client's financial situation (such as retirement, termination of employment, physical move or inheritance).

#### **c. REPORTS**

In addition to the monthly or quarterly statements that clients receive from their custodian that show account activity, fees and holdings, PLP Advisors, LLC, through USA Wealth Management will provide monthly fee statements showing the month-end balance and the applicable management fee. Those clients whose investments include mutual funds or variable annuities will receive customary reports from the mutual fund companies or insurance companies holding those investments. For the companies who employ our Firm to manage their group retirement plans, participants will have online access to their individual statements as well.

### **14. CLIENT REFERRALS AND OTHER COMPENSATION**

#### **a. OTHER COMPENSATION**

The Firm does not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

From time to time the Firm offers incentive compensation and awards to its investment adviser representatives and solicitors. The Firm's investment adviser representatives may also receive additional compensation for referring other professionals to our Firm. In each scenario, even though clients do not incur any additional fees as a result of the incentive compensation or awards, it may create a perceived or actual conflict of interest with respect to the representative's

advice. Furthermore, all investment adviser representatives and solicitors are reminded of their fiduciary duty to the clients when incentive compensation is offered.

**b. CLIENT REFERRALS**

The Firm may offer its portfolio to other independent, registered advisers pursuant to third party management agreements. When investment professionals use our Firm's portfolio, they receive a portion of the annual advisory fee charged by the Firm. The financial services firm will likely share a portion of the fees with their own representatives. It is important to note that the annual advisory fee is determined by the Firm's fee schedule. The investment professional's portion is deducted from the management fee not added to it. The Fee charged to a client who is referred by another financial services firm will be no different than the fee the client would have been charged if the client had not been referred by a financial services firm.

The Firm is aware of the special considerations promulgated pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940, and any comparable state regulations. As such, appropriate disclosures describing the terms and fee arrangements between the advisor and the solicitor shall be made to the Adviser's clients, all required written records will be maintained, and all applicable laws and regulations will be observed. A Solicitor's Disclosure Document will be provided to each client by the Representative, as required under the Rule, and the Adviser will retain the clients signed acknowledgement of receiving the Adviser's Form ADV Part 2A and the Solicitors Disclosure Document.

**15. CUSTODY**

All Client funds, securities and accounts are held at third-party custodians. The Firm does not take possession of a client's securities. However, the Client will be asked to authorize the Firm with the ability to deduct fees directly from the Client's account. The Firm follows the guidelines established by the Securities and Exchange Commission for directly debiting advisory fees from client custodial accounts to ensure that the Firm will not be deemed to have custody Client funds and/or securities with the regard to the practice of debiting.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains Client's investment assets. The statements will show the fee withdrawn. The Firm urges each Client to carefully review such statements.

**16. INVESTMENT DISCRETION**

The Firm's Portfolio Management Services are discretionary. The Firm's discretionary authority is obtained when a Client signs an investment management agreement and a limited power of attorney form. The agreement and the limited power of attorney allows the Firm to buy and/or sell securities the Firm has selected, within the tolerance agreed to by the Client, and in the amounts the Firm deems suited to the agreed upon portfolio structure. They also allow the Firm to place each such trade without the Client's prior approval. The agreement and power of

attorney further allow the Firm the full authority to delegate its discretion to another state or federally registered investment adviser identified in this ADV Part 2A. In doing this, the Firm is able to add and/or replace the other investment advisers when deemed appropriate. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account, and any other investment policies, limitation or restrictions. In its agreement with USA Wealth Management, the Firm maintains all discretionary authority over investment account assets; USA Wealth Management will not have discretionary authority over PLP Advisor's investment account assets.

Financial Planning Services are nondiscretionary. A non-discretionary investment account means the Client retains full discretion to supervise, manage, and direct the assets of the account. The Client maintains full power and authority to purchase, sell, invest, reinvest, exchange, convert, and trade the assets in the Account in any manner deemed appropriate and to place all orders for the purchase and sale of Account assets with or through brokers, dealers, or issuers selected by the Client. The Client is free to manage the account with or without the recommendation of the Firm and all with or without prior consultation with the Firm.

## **17. VOTING CLIENT SECURITIES**

Unless otherwise mutually agreed in writing, the Firm will **not** be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in Clients' accounts. Proxy solicitation materials will be forwarded to Clients for response and voting. In the event a Client has a question about a proxy solicitation, the Client should contact his/her investment adviser representative.

## **18. FINANCIAL INFORMATION**

### **a. BALANCE SHEET**

The Firm does not require or solicit prepayment of more than \$1200 in fees per Client, six months or more in advance. Therefore, this section is not applicable.

### **b. FINANCIAL CONDITION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Firm's financial condition when it would impair its services. The Firm has no financial commitment that impairs its ability to service its Clients.

### **c. BANKRUPTCY**

The Firm, has never been the subject of a bankruptcy proceeding.

**CUSTOMER ACKNOWLEDGEMENT OF RECEIPT OF PLP ADVISORS, LLC ADV  
BROCHURE**

By signing below, the client(s) does/do certify that s/he (they) has (have) received and read carefully this disclosure brochure dated **March 31, 2013** and had the opportunity to ask such questions as may have occurred in reading and/or discussing the services provided and the costs of those services.

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Date