

BROCHURE

August 10, 2012

K.A. Taylor & Associates, Inc.  
Kathryn A. Taylor  
2140 Skye Street  
Cambria, CA 93428

[kataylorassocinc@yahoo.com](mailto:kataylorassocinc@yahoo.com)

Voicemail: 619-839-3189

FAX: 619-839-3189

This brochure provides information on qualifications and business practices of Kathryn A. Taylor/K.A. Taylor & Associates, Inc. If there are any questions about the contents of this brochure, please contact us at [kataylorassocinc@yahoo.com](mailto:kataylorassocinc@yahoo.com). The information in this brochure has not been approved or verified by the United States Securities Exchange Commission or by any state securities authority.

Additional information about Kathryn A. Taylor/K.A. Taylor & Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Material Changes: The information in this section pertains only to material changes made to Advisor's brochure since its last annual update on March 31, 2011. Fees for annual review services were based on taking 50% of the client's initial fee. This has changed to 60% of the client's initial fee.

## TABLE OF CONTENTS

<u>Item #</u>		<u>Page(s)</u>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	4-5
6	Performance-Based Fees and Side-By-Side Management	5
7	Types of Clients	5
8	Methods of Analysis, Investment Strategies and Risk of Loss	5-6
9	Disciplinary Information	6
10	Other Financial Industry Activities or Affiliations	6
11	Code of Ethics, Participation/Interest in Client Transactions & Personal Trading	6
12	Brokerage Practices	6-7
13	Review of Accounts	7
14	Client Referrals and Other Compensation	7
15	Custody	7
16	Investment Discretion	7
17	Voting Client Securities	7
18	Financial Information	7-8
19	Requirements for State-Registered Advisers	8
	Brochure Supplement	9-11

Advisory Business: Kathryn A. Taylor (Advisor) is the sole shareholder/owner of K.A. Taylor & Associates, Inc. and has no employees. She is a Certified Financial Planner and has a Bachelors degree in Business, with an emphasis in Financial Planning.

Advisor has specialized in comprehensive financial planning since the inception of its business in June 1986. Comprehensive financial planning is a review of Client's entire financial situation, prior to giving any advice, since everything is interrelated. This entails reviewing Client's goals, cash flow, insurance, taxes, investments, large purchases, retirement and estate planning.

A new Client comprehensive plan is specifically tailored to the needs of each Client and presented to the Client over four meetings, with each meeting spread over a one to two month period.

Advisor provides existing Clients with an annual comprehensive review of Clients' financial situations. At Client's annual review month, Advisor requests that the Client fax or email a completed data form and financial documents. Advisor will then email Client's annual review recommendations within one to two months of receipt of the completed data form and requested financial documents.

Advisor manages Client's assets. As of December 31, 2011 Advisor managed \$23,999,550 dollars on a discretionary basis and \$1,100,450 dollars of Client's assets on a non-discretionary basis, for a total of \$25,100,000.

Advisor provides portfolio management, reviewing Client's portfolio during their annual review, based upon Advisor's investment criteria and Client's investment objectives. Advisor's investment philosophy is as follows:

- Money that Client will need for a short-term objective, two years away or less, Advisor recommends is invested in short-term vehicles, to protect principal
- Investing in the bond or stock market is for money that will be needed years from now
- Diversification, with exposure to the stock and bond markets, reduces risk
- Consistently outperforming the financial markets is extremely difficult
- Minimizing the costs of investing is vital for long-term investment success
- Investment earnings to meet Client's objectives is much more important than whether investments suffer interim declines or trail a market benchmark
- Market-timing and performance-chasing are losing strategies

In the event a conflict of interest exists between the Advisor and the interest of the Client, the Client is under no obligation to act upon the Advisor's recommendation and if the Client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the Advisor.

Fees and Compensation: Advisor is a fee-only financial planner and thus sells only no-load (non-commissionable) products. Advisor does not accept fees from any other source than the Client directly. A new Client's fee is determined by an hourly rate of \$200. Client has the

choice of either paying the entire fee when signing the Statement of Understanding, less a 3% discount, or paying a deposit of one-fifth of the total fee when signing the Statement of Understanding and the balance in equal amounts upon completion of each of the four plan sections. There is no refund of fees, unless Client has paid for the entire fee upon the signing of the Statement of Understanding. The refund is equal to the unrendered services to date, with the date based on the receipt of the letter requesting a termination of the services by either Client or Advisor.

Fees for annual review services are billed on a quarterly basis determined by taking 60% of the client's initial plan fee divided by four equal payments. The fee ranges between \$1,125 and \$2,250 a quarter. Fees for annual review services include financial planning, as well as portfolio management services. Client's quarterly billing cycle begins three months after Client's designated anniversary month. Therefore quarterly fees are billed in arrears, not in advance of services rendered. Client's anniversary month is determined by the month when the fourth and final section of their plan has been completed and presented to Client. In April of each year the quarterly payment will increase by the previous year's Consumer Price Index (CPI) or five percent, whichever is greater. Quarterly fees are deducted directly from Client's brokerage account. A quarterly invoice is emailed to Clients. No refund will be made for quarterly payments, regardless of whether or not Clients complete their annual review.

Fees are non-negotiable. Lower fees for comparable services may be available from other sources.

Advisor uses brokerage firms to hold Client's assets. As referenced above Advisor sells only no-load mutual funds. The brokerage firms charge transaction fees on trades to buy or sell some of the mutual funds upon Advisor's recommendation. This is paid out of the Client's assets when the investment trades are placed. The mutual fund companies charge fees to manage the portfolio, as well as administrative costs, to run the company. This directly reduces the market value of the Client's investments.

Performance-Based Fees and Side-By-Side Management: This is not applicable to Advisor's business practices. Advisor does not charge fees based on performance of investments, nor does Advisor have a supervised person who manages accounts that pays such fees.

Types of Clients: Advisor works with individuals, which are people that are single, domestic or non-domestic partnerships, married, divorced, separated, widowed, self-employed or employees of a business, as well as trusts and pension plans. Advisor does not impose minimum investment account size as a factor when accepting a Client.

Methods of Analysis, Investment Strategies and Risk of Loss: Advisor evaluates Client's investments to ascertain that the fundamental features are in line with Client's financial objectives, as well as Advisor's investment criteria. Advisor offers advice on individual securities, corporate debt securities, certificates of deposit, municipal securities, variable life insurance, variable or fixed annuities, mutual fund shares, United States government securities, interests in real estate or oil and gas partnerships, real estate and business interests. Advisor's primary investment strategy focuses on using a diversified portfolio of mutual funds, based on

the tenure of the manager, expense ratio, fund objective and long-term average annual returns. The main sources of information Advisor uses to evaluate investment choices are research materials prepared by others, corporate rating services, financial newspapers and magazines, annual reports, prospecti and outside advisors. Standards apply to outside advisors, i.e., attorneys, CPAs with consideration of their credentials, such as education and experience in their particular field. The investment strategies used to implement any investment advice given to Client includes long-term purchases (securities held at least a year), short-term purchases (securities sold within a year) or margin transactions. Investing in any investment vehicles, other than United States government securities involves risk of loss of principal, which Client should be prepared to bear. Advisor ascertains that all Clients are diversified throughout their investment portfolios so as to reduce the overall risk, with a focus on preserving Clients' investment principal.

Disciplinary Information: This is not applicable to Advisor. Advisor has not had any convictions of theft, fraud, bribery, perjury, forgery, counterfeiting, extortion, violations of securities laws or any legal or disciplinary events material to a Client's or prospective client's evaluation of Advisor's business or the integrity of its management.

Other Financial Industry Activities or Affiliations: Advisor has no material relationships or arrangements with related financial industry participants. Advisor suggests brokerage firms, insurance brokers, real estate agents, mortgage brokers, attorneys, as well as other advisors to Clients. No referral fees are paid to Advisor by suggesting related financial industry participants. Client is under no obligation to either purchase products or use the services of suggested related financial industry participants.

Code of Ethics, Participation or Interest in Client Transactions & Personal Trading: Below is a brief description of Advisor's code of ethics. A complete copy of Advisor's code of ethics is available upon request. Advisor's code of ethics consists of the following core principles: 1) the interest of the Client is placed ahead of the Advisor's investment interest, 2) Advisor strives to avoid any actual or perceived conflict of interest with the Client, 3) Advisor will not take inappropriate advantage of her position with the firm, 4) Advisor is expected to act in the best interest of each Client, 5) Advisor is expected to comply with federal securities laws and 6) Advisor is expected to exercise diligence and care in maintaining and protecting Client's nonpublic, confidential information, using discretion when divulging information regarding Advisor's securities recommendations or Client securities holdings to any individual outside of the firm. Other areas addressed in Advisor's code of ethics are personal conduct, service as director for an outside company, annual policy manual acknowledgement, personal trading policy, reports of personal securities, acceptable personal trades and record-keeping requirements regarding the code of ethics. Advisor buys or sells for herself mutual funds that she also recommends to Clients. If Advisor owns a significant amount of mutual fund shares, this fact will be disclosed to Client prior to the recommendation.

Brokerage Practices: Advisor works with brokerage firms to hold Client assets. As described under the section titled Fees and Compensation above, Advisor sells only no-load (non-commissionable) products. The brokerage firms charge transaction fees on trades to buy or sell some of the mutual funds that the Advisor recommends, which is paid out of the Client's assets

when placing the investment trades. Currently Advisor has the majority of Client assets held by Charles Schwab & Co. Inc. which charges reasonable transaction fees. Client could avoid paying any transaction fees if Clients' assets were held directly with each no-load mutual fund company. Holding the majority of assets at a limited number of brokerage firms allows the Advisor to manage the Client's accounts in a more efficient manner. Advisor neither receives any research or other products or services, other than what is readily available to any person, for the execution of trades by the brokerage firms in connection with Client securities transactions, nor does the Advisor receive any client referrals from the brokerage firms.

Review of Accounts: Advisor provides investment supervisory and financial planning services to Client on an on-going basis. Advisor provides Client with a comprehensive review of Client's financial situation once a year. As mentioned under Fees and Compensation above, Client is assigned an annual review month. Each year, at Client's annual review month, Advisor will request that Client fax or email a completed data form and financial documents. Advisor will email to Client written annual review recommendations within one to two months of receipt of the completed data form and requested financial documents. Advisor encourages Client to contact her at any time with questions or anticipated changes to Client's financial situation, enabling Advisor to provide continued advice to Client. The fees for all of these services mentioned above are included in the Client's quarterly fees, as described under Fees and Compensation above.

Client Referrals and Other Compensation: This section is inapplicable to Advisor's business practices. Advisor does not receive any compensation, economic benefits, sales awards or prizes from anyone who is not a client for providing advisory services to Clients. Advisor does not compensate any person for client referrals. The sole source of Advisor's compensation received is directly from Clients.

Custody: Clients receive monthly or quarterly statements directly from the qualified custodian, such as a bank or brokerage companies that maintain those assets. Clients are encouraged to carefully review the account statements they receive from the qualified custodian.

Investment Discretion: Advisor accepts discretionary authority to manage securities accounts on behalf of Clients. Discretionary authority authorizes Advisor to make purchase and sale decisions for Client's investment accounts. Each Client signs a Limited Power of Attorney to give Advisor authority to: 1) execute investment trades in Client's brokerage accounts at the direction of the Advisor; 2) disburse assets for investment purposes or to Client personally; 3) remit checks, wire funds and otherwise make disbursements of funds held in Client's brokerage accounts to banks, broker-dealers, investment companies or other financial institutions for either credit to an account of identical registration or to Client's address of record. Prior to assuming this authority, Advisor requests written Client permission, via email.

Voting Client Securities: Advisor does not accept authority to vote client securities, otherwise known as proxy voting rights. The custodian of Client's brokerage accounts mail proxies and other solicitations directly to the Client's address of record. Client can contact Advisor with questions about a particular solicitation.

Financial Information: Clients do not prepay fees to Advisor. Fees are billed in arrears as described under the section titled Fees and Compensation above. Advisor has discretionary authority of Client funds or securities, as stated under Investment Discretion, above. Advisor is unaware of any financial condition that would reasonably likely impair her ability to meet contractual commitments to Client. Advisor has never been the subject of a bankruptcy petition. Client or Advisor may terminate the relationship at any time by written notice.

Requirements for State-Registered Advisers: Per California Code of Regulations (CCR) Section 260.238 (k) all material conflicts of interest, regarding the Advisor or its representatives, which could be reasonably expected to impair the rendering of unbiased and objective advice have been disclosed.

As indicated under Advisory Business above, Kathryn A. Taylor (Advisor) is the sole shareholder/owner of K.A. Taylor & Associates, Inc. and has no employees. She is a Certified Financial Planner and has a Bachelors degree in Business, with an emphasis in Financial Planning.

Advisor is not compensated for advisory services with performance-based fees.

Advisor has not been involved in any of the following events:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.

Advisor has no relationships or arrangements with any issuer of securities that is not listed under Other Financial Industry Activities or Affiliations above.



## BROCHURE SUPPLEMENT

August 10, 2012

Kathryn A. Taylor  
K.A. Taylor & Associates, Inc.  
2140 Skye Street  
Cambria, CA 93428  
(619) 839-3189

This brochure supplement provides information about Kathryn A. Taylor that supplements the K.A. Taylor & Associates, Inc. brochure. You should have received a copy of that brochure. Please contact Kathryn A. Taylor if you did not receive K.A. Taylor & Associates Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Kathryn A. Taylor is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### Educational Background and Business Experience

Kathryn A. Taylor

Date of Birth: 8/29/1961

Bachelors Degree in Business, with an emphasis in Financial Services

Certified Financial Planner

President of K.A. Taylor & Associates, Inc. since 1992

Owner of K.A. Taylor & Associates from 1986 to 1992

#### Disciplinary Information

Kathryn A. Taylor has no disciplinary history.

#### Other Business Activities

Kathryn A. Taylor is actively engaged, spending a substantial amount of her time in the investment-related business of comprehensive financial planning, which entails reviewing Client's goals, cash flow, insurance, taxes, investments, large purchases, retirement and estate planning.

Kathryn A. Taylor is a fee-only financial advisor. Her sole source of income is in the form of fees paid directly from Clients to her. She does not accept any commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a registered representative of a broker-dealer, and including distribution or service ("trail") fees from the sale of mutual funds. Therefore she has no incentive to recommend investment products based on the compensation received, rather than on the Client's needs.

#### Additional Compensation

No economic benefit is provided to Kathryn A. Taylor, who is not a Client in the rendering of advisory services, such as sales awards, prizes, client referral fees or new account fees.

#### Supervision

Kathryn A. Taylor is the sole employee of K.A. Taylor & Associates, Inc. and therefore her advisory activities are not supervised by another person.

#### Requirements for State-Registered Advisers

Kathryn A. Taylor has not been involved in any of the following events:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;

- (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
- (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.

Kathryn A. Taylor has not been the subject of any bankruptcy petition.