

## **Form ADV Part 2A Disclosure Brochure**

### **Item 1 – Cover Page**

**Creative Planning, Inc.**

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**Date of Brochure: March 2019**

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This brochure provides information about the qualifications and investment advisory business practices of Creative Planning, Inc. If you have any questions about the contents of this brochure please contact us at (913) 338-2727 or [cpi@creativeplanning.com](mailto:cpi@creativeplanning.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Creative Planning, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "Creative Planning, Inc." You can also search using the firm's CRD number. The CRD number for the firm is 105348.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## Item 2 – Material Changes

Since filing our last annual amendment to this brochure in March 2018, the firm has agreed to acquire The Johnston Group (TJG), an SEC registered investment advisory firm located in Minneapolis, MN. In September 2018 the firm named Jonathan Knapp as Chief Operating Officer; Mr. Knapp previously served as Director of Financial Planning for the firm. During 2018 we moved our corporate headquarters from Leawood, Kansas to Overland Park, Kansas and changed our website URL from [www.thinkingbeyond.com](http://www.thinkingbeyond.com) to [www.creativeplanning.com](http://www.creativeplanning.com). We have updated Item 4 to reflect our assets under management through January 31, 2019 (not including TJG assets), and previously reported updates to the membership of the firm's Advisory Board. We previously updated Items 4, 5, 7, & 12 of the Brochure to reflect Creative Planning's use of the Charles Schwab Institutional Intelligent Portfolios® Platform. Item 9 was updated to reflect a disciplinary event from September 2018 regarding testimonials and review of personal investment accounts. Item 10 was updated in November 2018 to reflect the removal of Bradley Nutall Ltd in New Zealand and APW Partners in Australia from our list of international solicitor arrangements. Item 10 was updated to reflect the fact that Creative Planning no longer owns a portion of America's Best 401(k). Item 14 was updated to reflect the referral arrangement between Creative Planning and America's Best 401(k), and referral arrangements between Creative Planning and other outside entities.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

### Item 3 – Table of Contents

Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	4
Description of Advisory Firm .....	4
General Description of Advisory Services .....	4
Limits Advice to Certain Types of Investments .....	5
Tailor Advisory Services to Individual Needs of Clients .....	6
Client Assets Managed by Creative Planning, Inc. ....	6
Item 5 – Fees and Compensation .....	6
A. Portfolio Management Services .....	6
Fees for Portfolio Management Services .....	7
B. Financial Planning Provided Under Portfolio Management Services .....	8
Financial Planning for Fee .....	9
C. ERISA / IRC Fiduciary Acknowledgment .....	9
Retirement Rollovers .....	9
D. Qualified and ERISA Plan Consulting Services .....	9
Fees for Qualified and ERISA Plan Consulting .....	12
Item 6 – Performance-Based Fees and Side-By-Side Management .....	12
Item 7 – Types of Clients .....	12
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	13
Item 9 – Disciplinary Information .....	16
Item 10 – Other Financial Industry Activities and Affiliations .....	16
Legal Activities – Creative Planning Legal, P.A. ....	16
Trust Services – Creative Planning Trust Company, LLC .....	17
Accounting Services – Creative Planning Tax, LLC .....	17
Third Party Administration Services – Creative Planning TPA Services, LLC .....	18
Insurance Activities – Creative Planning Risk Management, Creative Planning Benefits and Creative Planning Property & Casualty, LLC .....	18
Anthony Robbins – Chief of Investor Psychology .....	18
Jonathan Clements – Director of Financial Education .....	18
International Solicitor Arrangements .....	18
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	19
Item 12 – Brokerage Practices .....	19
Recommendation of Broker/Dealers and Custodians .....	19
Block Trading Policy .....	21
Arrangements with TD Ameritrade .....	22
Brokerage for Client Referrals – TD Ameritrade .....	23
Brokerage for Client Referrals – Charles Schwab & Co., Inc. ....	24
Trade Errors .....	26
Brokerage for Client Referrals – Scottrade Investment Management .....	26
Item 13 – Review of Accounts .....	26
Item 14 – Client Referrals and Other Compensation .....	27
Item 15 – Custody .....	29
Item 16 – Investment Discretion .....	30
Item 17 – Voting Client Securities .....	30
Item 18 – Financial Information .....	31
CUSTOMER PRIVACY POLICY NOTICE .....	32

## Item 4 – Advisory Business

### **Description of Advisory Firm**

Creative Planning, Inc. is an investment advisor registered with the United States Securities and Exchange Commission ("SEC") and is a corporation formed under the laws of the State of Missouri.

The firm has been registered as an investment advisor with the SEC since March 18, 1983.

Peter Mallouk has been the primary owner of the firm since December 2003 when he acquired the firm from the prior owner.

The firm's Board Members and Executive Officers include:

- Peter Mallouk, President & Co-Chief Investment Officer
- Molly Rothove, Vice President
- James Williams, Co-Chief Investment Officer
- Jonathan Knapp, Chief Operating Officer
- Ken Pyle, Chief Compliance Officer
- Anthony J. Robbins, Chief of Investor Psychology
- Jonathan Clements, Director of Financial Education
- Ajay Gupta, Chief of Investment Strategy
- Tiya Lim, Director of Institutional Services
- Robert Pascuzzi, Director of Retirement Plan Services

### **General Description of Advisory Services**

The following are brief descriptions of our primary services. A detailed description of Creative Planning's services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

**Portfolio Management Services** – We provide advisory services in the form of Portfolio Management Services. Portfolio Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that Creative Planning will continuously monitor a client's account and make trades in client accounts when necessary.

### **Automated Investment Program – Charles Schwab**

We offer an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We are the client's investment advisor and are responsible for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may

then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of .10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

**Qualified Plan Consulting** – We offer several advisory services for corporate retirement plans, separately or in combination. The primary clients for these services are pension, profit sharing, and 401(k) plans.

**Financial Planning Services** – We offer advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Limits Advice to Certain Types of Investments**

We provide investment advice on the following types of investments.

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Options contracts
- Futures contracts
- Oil and gas interests
- Master Limited Partnerships (MLPs)
- Private Placements
- Alternative Investments

When providing Portfolio Management Services, the firm will typically construct each client's account holdings using bonds, equities, ETFs, mutual funds and alternative investments to build diversified portfolios. It is not Creative Planning, Inc.'s typical investment strategy to attempt to time the market but we may increase cash holdings as deemed appropriate based on your risk tolerance and short and long

term goals. We may modify our investment strategy to accommodate special situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

### **Tailor Advisory Services to Individual Needs of Clients**

Our services are provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. Creative Planning works with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Client Assets Managed by Creative Planning, Inc.**

The amount of client's assets managed by Creative Planning total approximately \$36,529,379,053 as of January 31, 2019. \$34,863,982,921 is managed on a discretionary basis and \$1,665,396,132 is managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provide in Item 4 – Advisory Business, this section provides details regarding Creative Planning, Inc.'s services along with descriptions of each service's fees and compensation arrangements.

### **A. Portfolio Management Services**

Most clients receiving this Disclosure Brochure will be signing up for our portfolio management service which can best be defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, we offer a highly customized and individualized investment program for each client. A specific investment strategy is crafted to focus on the specific client's goals and objectives.

We provide our portfolio management service through accounts maintained at a qualified custodian recommended by Creative Planning (please refer to Item 15 – Custody for more information). Qualified custodians include, but are not limited to, registered broker/dealers, banks offering trust services and variable annuity product sponsors. We are also able to manage retirement and variable annuity accounts held at select broker/dealers and qualified custodians, conditional upon availability. As a condition of this program, Creative Planning will be granted discretionary trading authorization on the client's account. This enables us to move client funds among stocks, bonds, ETFs, mutual funds or other investments at our discretion (please refer to Item 16 – Investment Discretion for more information).

You are always responsible for notifying us of any changes to your financial situation or investment objectives. We are always reasonably available to consult with you relative to the status of your accounts under our management. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents your direct and beneficial interest in the securities which comprise your accounts. A separate account is always maintained for every client with the broker-dealer/custodian and you retain all rights of ownership to your accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

As described in Item 4 Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co.as part of the Program. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described below in Item 12 Brokerage Practices.

### **Administrative Services Provided by ORION Advisor Services, LLC**

Creative Planning has contracted with ORION Advisor Services, LLC (referred to as "ORION") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, ORION will have access to client accounts, but ORION will not serve as an investment advisor to Creative Planning clients. Creative Planning and ORION are non-affiliated companies.

### **Fees for Portfolio Management Services**

Creative Planning charges an annual percentage-based fee for portfolio management services. The annual fee is based on the fair market or agreed upon value of the client's account assets determined as of the last business day of each calendar quarter. Annual fees are divided by 4 and payable quarterly in arrears. The following is a sample fee schedule provided for illustrative purposes.

#### *Annual Fee Calculation*

1.20% on the first \$500,000
1.00% on assets of \$500,001 – 2,000,000
.85% on assets of \$2,000,001 – \$5,000,000
.80% on assets of \$5,000,001 - \$10,000,000
.70% on assets of \$10,000,001 - \$25,000,000
.40% on assets of \$25,000,001 - \$50,000,000
.30% on assets of \$50,000,001 - \$100,000,000
.25% on assets over \$100,000,000

Creative Planning calculates its management fee against all assets in the investment account, unless specifically excluded. Therefore fee calculations include cash balances invested in money market funds, short-term investment funds, ETFs, mutual funds, the entire market value of margined assets and short positions (if any), alternative investments (if any), and all other investment holdings. The exact services and fees will be agreed upon and disclosed in the agreement for services prior to services being provided. Fees may be negotiable based on factors such as the client's financial situation and circumstances, the amount of assets under management, and the overall complexity of the services provided.

To the extent that margin is employed in the management of the client's investment portfolio, the market value of the client's account will be increased. Therefore, the corresponding fee payable by the client to Creative Planning will be increased because Creative Planning includes the margin balance in the client's overall management fee calculation. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the conflict of interest between Creative Planning and the client whereby Creative Planning may encourage the use of margin because it will increase the management fee payable to us. We control for this conflict of interest by allowing margin accounts only when requested by the client and/or when using margin would be beneficial for client's overall circumstances. Please refer to Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss for more information.

Fees are generally deducted directly from the client's account. You will need to provide the custodian with written authorization to have fees deducted from the account and paid to Creative Planning. The custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account (please refer to Item 13 – Review of Accounts for more information regarding client statements).

Brokerage fees and/or transaction ticket fees charged by the custodian will be charged directly to each client's account. We do *not* receive any portion of such commissions or fees from the custodian or from clients. Management fees charged by Creative Planning are separate and distinct from the fees and expenses charged by mutual funds, exchange traded funds, annuities, private investments or investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Portfolio management services may be terminated by either party at any time. If services are terminated during a quarter, fees due are pro-rated based on the period Creative Planning managed the assets prior to termination. The date of termination will be used to calculate the final fee payment. Once we are notified of an account termination, we will take no further action on the account. Any fee credits granted for customer service issues or annuity surrender fees will be forfeited if you close or transfer your account before the credits have been fully applied. If you elect to participate in private investment fund(s) introduced by us, you agree to pay a termination fee to Creative Planning of an amount equal to 1% of the total capital commitment to all private investment funds. Creative Planning has negotiated lower fees and minimum investment requirements with many of the private investment funds, and you may be subject to higher fees, increased capital commitments or other penalties imposed by the fund sponsor if you terminate your management relationship with us.

#### **B. Financial Planning Provided Under Portfolio Management Services**

For some clients, we provide financial planning services under several formats at the client's specific direction. For clients that have at least \$500,000 under our management, we offer comprehensive financial planning, included as part of the annual percentage-based fee for Portfolio Management Services. We will consider waiving the \$500,000 minimum on a case-by-case basis.

The financial planning services we provide may be specific or modular in their preparation (unique to each client in their depth of preparation). Topics included as part of the financial planning services may include, but are not necessarily limited to, the following:

1. Organization and assessment
2. Retirement planning
3. Education planning
4. Long-term care
5. Insurance planning
6. Debt management
7. Investments
8. Tax planning
9. Estate planning
10. Life events

We will interview and consult with each client to determine the client's personal financial situation and objectives and to analyze the client's financial documentation. As applicable, we then review the client's assets and liabilities, investment portfolio, retirement plan, education plan, risk management plan, risk tolerance, and estate plan, as well as other areas relevant to the client's financial health. We then provide an executive summary, highlighting the plan of action.

We meet with each client to explain the financial plan and our recommendations. Furthermore, we are available to work with the client throughout the year to implement the plan. The plan is updated to take into account changes in the client's financial situation as well as changes in the investment markets, tax laws, estate planning laws, and so on. The client is ultimately responsible for communicating changes in



circumstances to Creative Planning so that we can provide the most accurate advice and counsel possible. Our Wealth Managers are available to assist with the implementation of the plan and to answer any client questions, but the client is ultimately responsible for the implementation or rejection of our recommendations. This means you are never obligated or required to implement our recommendations.

### ***Financial Planning for Fee***

At our discretion, we may enter into an engagement with a client to create a one-time, customized financial plan on a fee basis. Creative Planning rarely agrees to enter into such an arrangement. Such a plan will include topics described in the preceding section as agreed upon by Creative Planning and the client. Fees for such a plan are determined on a case by case basis, based on the level of expertise and sophistication required to deliver such a plan. However, fees are generally charged on a fixed fee basis ranging between \$1,500 and \$15,000 depending on the breadth of services provided, the complexity of the client's situation, and the advisory representative providing services to the client. Prior to commencing financial planning services, the client will be required to enter into an agreement for services.

### **C. ERISA / IRC Fiduciary Acknowledgment**

If a client is: (i) a retirement plan ("Plan") organized under the Employee Retirement Income Security Act of 1974 ("ERISA"); (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account ("IRA") acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then Creative Planning represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by Creative Planning or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

### ***Retirement Rollovers***

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Creative Planning recommends that a client roll over their retirement plan assets into an account to be managed by Creative Planning, such a recommendation creates a conflict of interest if Creative Planning will earn an advisory fee on the rolled over assets. When acting in such capacity, Creative Planning serves as a fiduciary under the Employee Retirement Income Security Act (ERISA). No client is under any obligation to rollover retirement plan assets to an account managed by Creative Planning. Creative Planning's Chief Compliance Officer, Ken Pyle is available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

### **D. Qualified and ERISA Plan Consulting Services**

In addition to the services described above, we also provide qualified and ERISA retirement plan consulting services. These services may involve:

#### **1. Fiduciary Management Services**

1. Discretionary Investment Management Services by which we monitor the investment options of the Plan in order to add or remove investment options for the Plan and actively manage all assets for participants enrolled in the Plan. Creative Planning will be granted discretionary authority to make all decisions regarding the investment options held in the Plan for Plan participants.
2. Discretionary Investment Selection Services. Monitoring the investment options of the Plan and add or remove investment options for the Plan.
3. Default Investment Alternative Management. Develop and actively manage qualified investment alternative(s) ("QDIA"), as defined in ERISA Section 404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election.

Creative Planning acknowledges that it is performing Fiduciary Management Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(38) of Employee Retirement Income Security Act of 1974 ("ERISA"). When providing Fiduciary Management Services, Creative Planning's services include discretionary authority to make investment decision over assets of a retirement plan. Creative Planning acknowledges that it is a fiduciary with respect to its exercise of investment decisions over these assets of retirement plan. A client can elect that Creative Planning serve as a 3(21) fiduciary.

## 2. Fiduciary Consulting Services

1. Recommendations regarding investment selection consistent with ERISA section 404(c).
2. Ability to consult on a one-on-one basis with Plan Participants

Creative Planning acknowledges that it is performing Fiduciary Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. Creative Planning will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Creative Planning to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, Creative Planning (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of the client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of the client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of the client's retirement plan or the interpretation of the client's retirement plan documents, and (b) is not the "Administrator" of the client's retirement plan as defined in ERISA.

## 3. Non-Fiduciary Consulting Services

Creative Planning, Inc. provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Investment Education. The following services will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
  - Educational presentations for Plan participants. Presentations to Plan participants are informational in nature and intended to provide an overview of the Plan and the Plan's investment selections.
  - Asset Allocation Models.
  - Interactive Investment Materials.

The exact suite of services provided to a client will be listed and detailed in the agreement for services.

Clients that elect to engage our firm for this service are required to also work with Creative Planning, Inc. to be a service provider to the plan.

As a service provider, we will be responsible for all aspects of the management of the 401(k) plan. Specifically, we provide the following non-investment related services; annual plan review, Plan Demographic Review, Legislative Review and Impact, 404(c) Policy Statement, Plan Vendor Contract Service and Pricing Negotiation, Plan Design Review, Education Meetings, Employer Newsletters, Periodic Sample Employee Memos, ERISA Legal Support & Compliance Assistance, 401(k) Help E-Mail & Toll-Free 800 Number for Employees, Vendor Analysis/Selection/Monitoring, and Plan Conversion Management.

To help control for the conflict of interest of using Creative Planning as both a service provider and investment advisor, we conduct periodic reviews of fees charged by other firms providing similar pension consulting services as Creative Planning. This is done to demonstrate that fees charged by Creative Planning are reasonable compared to other companies.

If you, or your company sign up for this service, please understand that you will be ultimately responsible for implementing all recommendations provided by Creative Planning. Plan funds and assets will be held with a third-party broker/dealer that will serve as the client's qualified custodian. Creative Planning will NOT have any authority to execute transactions on behalf of the plan or any plan participant. Therefore, we will NOT submit trade instructions to the designated third-party administrator. All changes to Plan holdings and investment selections are the plan or plan participant's responsibility.

If you decide to pick the service option for one-on-one consulting services between Creative Planning and Plan Participants, such services are consulting in nature and do not involve Creative Planning implementing recommendations in individual participant accounts. It will be the responsibility of each Participant to implement changes in their individual accounts. The Participant can implement recommendations provided by Creative Planning or direct the Creative Planning representative to do so on their behalf.

Creative Planning, Inc. will disclose, to the extent required by ERISA Regulation Section 408b-2(c), any change to the information that we are required to disclose under ERISA Regulation Section 408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Consulting Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

### ***Fees for Qualified and ERISA Plan Consulting***

Clients pay one fee to Creative Planning for this service that covers the services provided by Creative Planning and the investment management services provided by Creative Planning. The actual fee charged to each client will be determined with the client and detailed in the agreement for services. Annual fees are divided into quarterly payments and billed to the client on a quarterly basis. Fees are due upon the client's receipt of the billing notice. For asset based fees, the fee will be calculated quarterly and based on the value of the Plan's assets at the end of each quarter. Annual fixed fees are divided into equal quarterly payments. When fees are based on the total market value of the Plan, the fee shall not exceed 1.00% annually of the Plan's value.

Creative Planning may also provide access to asset allocation models over which it exercises discretionary authority and performs ongoing management, including, but not limited to, opportunistic rebalancing. If the plan sponsor elects to include these models within their plan, participants will have the option to direct contributions into the models. Assets held within these discretionary models will be billed a separate fee not to exceed 0.40% annually.

Certain expenses incurred by Creative Planning in order to perform the agreed upon Plan services will be considered outside of the standard fee for services described above and will be billed directly to client in addition to the agreed upon service fee indicated. Any outside expenses that clients may be responsible for will be described in the agreement for services.

In addition to the fees paid directly to Creative Planning, the plan participant will also incur charges imposed at the mutual fund or exchange traded fund level (e.g., advisory fees and other fund expenses) and charges imposed by the Plan custodian. Brokerage commissions and/or transaction ticket fees charged by the custodian will be charged directly to the client by the custodian. We do not receive any portion of such brokerage commissions or transaction fees from the custodian or clients. Our fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Either party (i.e. the client or our Firm) may terminate the agreement for services with 30 days written notice to the other party. A refund of any unearned fees will be made based on the time expended by Creative Planning before termination. A full refund of any fees paid will be made if the agreement is terminated within five business days. When fees are billed in arrears, the client will be responsible for paying the final fee on a pro-rated basis.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Creative Planning does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Item 7 – Types of Clients**

Creative Planning generally provides investment advice to the following types of clients:

- Individuals,
- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- Corporations or business entities other than those listed above
- Foundations, endowments and other institutions

Clients eligible to enroll in the Automated Investment Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

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

### **Creative Planning, Inc. uses the following methods of analysis in formulating investment advice.**

***Cyclical*** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle.

If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

***Fundamental*** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

### **Creative Planning, Inc. uses the following investment strategies when managing client assets and/or providing investment advice.**

- Long term purchases which are investments held at least a year.
- Short term purchases which are investments sold within a year.
- Trading which involve investments sold within 30 days.

- Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Creative Planning.
- Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, the firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities.

- Market Risk – Either the stock market as a whole or the value of an individual company as a result of moves in the overall market goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put

and call options are highly specialized activities and entail greater than ordinary investment risks.

- Margin Risk. When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the qualified custodian. The securities purchased in such an account are the qualified custodian's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

Some of the risks involved in margin trading include the following:

- You can lose more funds than you deposit in your margin account.
  - The account custodian or clearing firm can force the sale of securities or other assets in your account.
  - The account custodian or clearing firm can sell your securities or other assets without contacting you.
  - You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
  - The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
  - The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.
  - You are not entitled to an extension of time on a margin call.
- 
- Master Limited Partnership (MLP) Risk – MLPs are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. MLPs also face unique risks specific to energy prices, inflation/deflation, regulatory action, interest rate fluctuations and ease of access to capital markets.
  - ETF and Mutual Fund Risk – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
  - Tax Harvesting Risk – One trading strategy employed in client accounts is tax harvesting. The intent of this trade is to sell an ETF or mutual fund at a taxable loss and replace those positions with a holding whose historical performance and expected future performance are similar, thereby having little impact on the

overall strategic allocation, but capturing the tax loss. Because past performance is no indication of future performance, there is potential for the future performance of the replacement position to deviate from that of the initial holding. This type of strategy may also incur an increase in the frequency of trading and amount of transaction costs.

- **Alternative Investment Risk** – Alternative investments may be recommended in specific circumstances. These investments are susceptible to many of the same risks as other securities, but also include risks such as liquidity, transparency and tax, which are disclosed in the offering documents.
- **Management Risk** – Your investment with the firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

### **Item 9 – Disciplinary Information**

On September 18, 2018, the SEC instituted a settled order against Creative Planning, Inc. ("CPI") and Peter A. Mallouk, the firm's president and majority owner. Creative Planning distributed hundreds of radio advertisements that contained prohibited client testimonials. The radio station DJ had become a client of Creative Planning and, on air, discussed his and his wife's satisfaction with Creative Planning services and with their advisor. Creative should have been aware of these testimonials and stopped them. Creative and Mallouk failed to enforce the firm's code of ethics with regard to the radio advertisements and the reporting and review of certain securities accounts in which the firm's president had a beneficial interest. Creative failed to keep true and accurate books and records and failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. Creative consented to a cease-and-desist order, a censure, and a civil penalty of \$200,000 and Mallouk consented to a cease-and-desist order and a civil penalty of \$50,000.

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

Creative Planning is an independent investment advisory firm and only provides investment advisory services. The firm is not engaged in any other business activities and offers no services other than those described in this Disclosure Brochure.

Creative Planning is not and does not have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) real estate broker or dealer, or (6) sponsor or syndicator of limited partnerships.

Our investment advisor representatives are not affiliated (which means registered or employed) with a broker/dealer or commodities and futures trading firm.

#### **Legal Activities – Creative Planning Legal, P.A.**

Creative Planning is under common ownership with a law firm, Creative Planning Legal, P.A.

Clients of Creative Planning may be referred to Creative Planning Legal, P.A. for estate planning and other legal services. Due to the fact that they are related entities, this presents a conflict of interest as



both firms have an economic incentive to refer clients to each other in lieu of referring clients to other law firms or financial professionals.

Although we recommend you use the services of Creative Planning Legal, P.A., you are never obligated or required to use their services. There are other law firms that provide legal services similar to those provided by Creative Planning Legal, P.A. and may provide such services for less expensive rates. Whenever we recommend Creative Planning Legal, P.A., you are encouraged to consider other law firms too.

The services of Creative Planning and Creative Planning Legal, P.A. are separate and distinct from one another, each with a separate compensation arrangement typical for the services rendered.

#### **Trust Services – Creative Planning Trust Company, LLC**

Creative Planning Trust Company, LLC is a Nevada trust company chartered and regulated by the Nevada Financial Institutions Division. It is governed and regulated by the State of Nevada and the Federal Reserve and is subject to the same statutes and regulations that apply to state bank trust departments and trust companies. Creative Planning Trust Company, LLC is able to provide trust services for Creative Planning clients whose financial, family, or business needs require the services of a professional fiduciary and trust company. For trust clients in need of such services, we will refer them to Creative Planning Trust Company, LLC.

Specific services provided by Creative Planning Trust Company, LLC include, but are not necessarily limited to (1) corporate trustee services for personal trusts or retirement plan accounts, (2) corporate trustee for life insurance trusts, and (3) trustee services for charitable trust accounts. These services entail safekeeping of all trust assets. Creative Planning Trust Company, LLC also performs trust administration duties outlined in each trust document such as distributions, statement productions, tax reporting and bill paying. Principal and income trust accounting are also available. No assets are held in the name of Creative Planning Trust Company, LLC. All assets will be held via segregated trust accounts at qualified third-party custodians identifying the trust company as trustee.

Supervised persons of Creative Planning may also be employees of or work for Creative Planning Trust Company, LLC and some of our supervised persons primary responsibilities involve the services provided by Creative Planning Trust Company, LLC.

Clients with trust accounts may have an independent individual or trust company (someone not associated with Creative Planning or Creative Planning Trust Company, LLC) serve as trustee. However, Creative Planning Trust Company, LLC may serve as trustee for our clients. Please refer to Item 15 - Custody of this Disclosure Brochure for more information.

Because of our affiliation with Creative Planning Trust Company, LLC, our recommendation of the company is not independent and we have a conflict of interest when recommending Creative Planning Trust Company, LLC. Clients are never obligated to use the services of Creative Planning Trust Company, LLC and can establish their trust account at any custodian of their own choosing. Clients may pay fees and expenses to Creative Planning Trust Company, LLC which are separate from and in addition to the fees charged by Creative Planning.

#### **Accounting Services – Creative Planning Tax, LLC**

Creative Planning is under common ownership with an accounting firm, Creative Planning Tax, LLC. Clients needing assistance with tax preparation and/or accounting services may be referred to Creative Planning Tax, LLC to work with a licensed Certified Public Accountant (CPA). Because of our affiliation with Creative Planning Tax, LLC, our recommendation of the company is not independent and we have a conflict of interest when recommending Creative Planning Tax, LLC. Clients are never obligated to use

the services of Creative Planning Tax, LLC. Clients may pay fees and expenses to Creative Planning Tax, LLC which are separate from and in addition to the fees charged by Creative Planning.

**Third Party Administration Services – Creative Planning TPA Services, LLC**

Administration and record keeping services for qualified retirement plans can be provided by Creative Planning TPA Services, LLC. Clients of Creative Planning TPA Services, LLC will be provided a plan document, participant support, and website for initiating transactions. Year end discrimination testing, Form 5500 preparation as well as other services outlined in the Administrative Services Agreement will be provided to administer the clients' retirement program. Creative Planning TPA Services, LLC is a joint venture with TPP Retirement Plan Specialist, LLC. A separate entity is selected to act as the custodian to execute trades placed over the website. TD Ameritrade Trust Company is the preferred custodian of Creative Planning TPA Services, LLC due to their ability to maintain a daily valued platform with a direct link to trades placed online.

**Insurance Activities – Creative Planning Risk Management, Creative Planning Benefits and Creative Planning Property & Casualty, LLC**

Creative Planning has three related insurance agencies.

- Creative Planning Risk Management provides individual life, disability and long term care coverage through various insurance companies.
- Creative Planning Benefits provides group health benefits through various insurance companies.
- Creative Planning Property & Casualty, LLC provides property and casualty coverage.

Clients of Creative Planning may be referred to a related insurance agency. Creative Planning does not receive a referral fee. The receipt of insurance commissions is in addition to any advisory fees charged by Creative Planning.

Clients are never obligated or required to purchase insurance products from one of our affiliated insurance companies and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale. Please refer to Item 14 – Client Referrals and Other Compensation for more information regarding the insurance commissions received by our affiliated insurance companies and the conflicts such compensation presents.

**Anthony Robbins – Chief of Investor Psychology**

Anthony Robbins is a board member and Chief of Investor Psychology at Creative Planning, Inc. Mr. Robbins receives compensation for serving in this capacity based on increased business derived by Creative Planning from his services. Accordingly, Mr. Robbins has a financial incentive to refer investors to Creative Planning.

**Jonathan Clements – Director of Financial Education**

Jonathan Clements is a board member and Director of Financial Education at Creative Planning, Inc. Mr. Clements receives compensation for serving in this capacity.

**International Solicitor Arrangements**

Creative Planning has formed solicitor arrangements with the following investment and financial services firms located outside of the United States: Cornerstone Investment Counsel in Canada and Magus

Private Wealth Limited in the United Kingdom. Prospective clients living in these countries that contact Creative Planning may be referred to the respective firm.

We have a conflict of interest when recommending these firms because we receive solicitor fees for each referred client. Clients that are referred to any of these firms from Creative Planning will receive a client disclosure letter detailing our referral arrangement.

Clients are advised that there may be other financial firms not recommended by Creative Planning that are suitable for the client and that may be more or less costly than services provided by those which are recommended. Clients are not obligated or required to use the investment management and financial services offered by any of the recommended firms and can choose to work with a different financial professional.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

Creative Planning has established a Code of Ethics that applies to all employees of Creative Planning and is designed to, among other things; govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that Creative Planning and its employees owe a fiduciary duty to Creative Planning's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by Creative Planning continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee. This section is intended to be a summary of the Creative Planning code of ethics. Clients may receive a complete copy of the code of ethics upon request.

### **Participation or Interest in Client Transactions**

Creative Planning and its associated persons may buy or sell securities that are also recommended to clients. Securities recommended by Creative Planning are widely held and publicly traded. In addition, in accordance with its fiduciary duty to clients, Creative Planning and its associated persons will place client interests ahead of their own interests. Finally, we have developed policies and procedures under our Code of Ethics that require our employees to submit their personal securities holdings and transactions to our Firm. This is done so that we may monitor their investments to ensure compliance with our Code of Ethics and our general fiduciary duty to clients.

## **Item 12 – Brokerage Practices**

### **Recommendation of Broker/Dealers and Custodians**

You are under **no** obligation to act on the recommendations of Creative Planning and are free to select any broker/dealer or investment advisor you'd like to implement our recommendations. In other words, you are not *required* to work with us. However, if you want to hire us for our portfolio management services, we will be responsible for executing your account transactions and therefore responsible for attaining the best execution possible.

Creative Planning recommends that you establish brokerage accounts with TD Ameritrade, Charles Schwab & Company, Inc., or Fidelity Institutional Wealth Services. Qualified Custodians are independent

(and unaffiliated) SEC-registered broker/dealers and or registered trust/banks that are recommended by Creative Planning to maintain custody of clients' assets and to effect trades for their accounts.

Creative Planning is independently owned and operated and not affiliated with any broker/dealer or other Qualified Custodian. The primary factor in suggesting a Qualified Custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any Qualified Custodian suggested by Creative Planning must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services and statement preparation are some of the other factors determined when suggesting a Qualified Custodian.

Qualified Custodians provide us with access to their institutional trade execution, clearance and settlement service and custody services which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

Qualified Custodians do not charge separately for custody in most situations but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed by recommended money managers through the custodian or that settle into a custodian account.

These benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

Qualified Custodians also make available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. Creative Planning is also provided other services intended to help our firm manage and further develop our business enterprise. These services (which may be provided at no cost or at a discount) may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

The benefits received by Creative Planning or its personnel from Qualified Custodians do not depend on the amount of brokerage transactions directed to a Qualified Custodian. As part of its fiduciary duty to clients, Creative Planning endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Creative Planning or its related persons in and of itself creates a potential conflict of interest and may influence Creative Planning's choice of a particular Qualified Custodian for custody and brokerage services. (Please refer to **Item 14 – Additional Compensation** for more information).

Please note that not all investment advisors recommend or require the use of particular broker/dealers. Some investment advisors permit client to use any broker/dealer of the client's own choosing. In very

rare cases, we may work with a client that wants to direct us to use a particular broker/dealer for standard brokerage accounts. In such cases, those clients must understand that we may be unable to effectively negotiate brokerage compensation on the client's behalf. When directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their selected broker/dealer(s) are adequately favorable in comparison to those that we would otherwise obtain for our clients. Clients with client-directed brokerage arrangements should also understand we may be limited in our trading ability (compared to platforms recommended by Creative Planning) and may be required to execute client directed trades after trades are implemented through accounts at our preferred platforms. Clients are encouraged to discuss available alternatives with their advisor representative.

In addition, we may also render investment management services to clients regarding their (1) variable life/annuity products that they may own, (2) their individual employer-sponsored retirement plans, and/or (3) 529 college savings plans. In these situations, Creative Planning either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product, retirement plan, or college savings plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product which is owned by the client or at the custodian designated by the sponsor of the client's retirement plan or college savings plans.

We may recommend Vanguard for variable annuities, but only in specific scenarios where the client would be disadvantaged by surrendering an existing non-qualified annuity or insurance policy that would result in adverse tax consequences. Otherwise, we do not have arrangements whereby we recommend specific variable annuity sponsor companies or retirement plan sponsors. We also recommend the LearningQuest 529 Education Savings Program and TD Ameritrade's 529 plan platform for clients that need or request a recommended 529 platform.

Although we recommend these platforms, please understand that we do not represent or guarantee that we will achieve the most favorable execution of client transactions and the platforms we recommend may be more expensive than other platforms offering the same or similar services. Clients are never required or obligated to utilize sponsors recommended by Creative Planning and may use any plan/product sponsor they choose.

We may purchase individual fixed income securities from brokers other than the custodian. The determination to use third-party brokers is based on the size of trade, lot type (i.e. odd lots versus even lots), bond issuer, highest bid received from broker versus current market value. Third-party fixed income brokers will be evaluated through a review of pricing schedule for trade commissions, services provided to both client and Creative Planning, accuracy of execution and delivery of securities, and highest bid received for similar issues. Clients will incur trade-away fees in this situation. Reasonableness for compensation of fixed income brokers is reviewed by the investment committee and includes comparing the fees charged by multiple third-party brokers against each other and a consensus by the committee to determine whether specific pricing is reasonable.

#### **Block Trading Policy**

The majority of trades implemented by Creative Planning are completed on an individual basis. In cases when we need to implement buys or sells of the same security for numerous accounts, we may elect to purchase or sell such securities at approximately the same time as a block trade. This process is also referred to as aggregating orders and batch trading and is used by our firm when we believe such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. The process of aggregating client orders is done in order to achieve better execution across client accounts. We may also do it to achieve more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid

differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

We use the pro rata allocation method for transaction allocation. Under this procedure, pro rata trade allocation means an allocation of the trade is issued among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. We will calculate the pro rata share of each transaction included in a block order and assign the appropriate number of shares of each allocated transaction executed for the client's account. This process is executed on a per-custodian basis. For example, all accounts held at TD Ameritrade would receive the average price of all shares block traded at TD Ameritrade. All accounts held at Charles Schwab would receive the average price of all shares block traded at Charles Schwab. It is possible that clients at different custodians receive different average prices for block trades executed on the same trading day.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which or our employees may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our employees receive any additional compensation as a result of block trades.

### **Arrangements with TD Ameritrade**

The recommendation of TD Ameritrade and any other broker/dealer is based on past experiences, minimizing commissions and other costs as well as offerings or services the broker/dealer provides that Creative Planning or client may require or find valuable such as online access. Clients may pay commissions higher than those obtainable from other broker/dealers in return for those products and services. Commission and fee structures of various broker/dealers are periodically reviewed to ensure clients are receiving best execution. Accordingly, while Creative Planning will consider competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, the overall services provided by the broker/dealer are evaluated to determine best execution.

Although we consider the overall services provided by TD Ameritrade and factor the benefits provided to our clients, we have material arrangements with the TD Ameritrade that create an incentive for us to recommend TD Ameritrade over other broker/dealers. Some of the arrangements may result in conflicts of interest with our clients and are explained in the following sections.

While there will not be a direct linkage between the investment advice provided by Creative Planning and the broker/dealers it recommends, economic benefits may be received that would not be received if Creative Planning did not use these services to implement the investment advice provided. These benefits may include, but not necessarily be limited to: receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Creative Planning by third party vendors.

Creative Planning participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Creative Planning receives some benefits from TD Ameritrade through its participation in the program.

Some of the products and services made available by TD Ameritrade through the program may benefit Creative Planning but may not benefit its client accounts. These products or services may assist Creative Planning in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Creative Planning manage and further develop its business enterprise. The benefits received by Creative Planning or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Creative Planning endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Creative Planning or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Creative Planning's choice of TD Ameritrade for custody and brokerage services.

In selecting TD Ameritrade, Creative Planning takes into consideration its arrangement to obtain price discounts for TD Ameritrade's automatic portfolio rebalancing service for investment advisors known as "iRebal".

TD Ameritrade has agreed to provide the service at no additional cost because of Creative Planning's decision to maintain an agreed upon amount of client taxable assets on the TD Ameritrade platform. There are some client assets that are non-taxable assets and are excluded from the maintenance and commitment levels required. Excluded assets are "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If Creative Planning does not maintain the relevant level of taxable assets on the TD Ameritrade platform, Creative Planning may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although Creative Planning believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect Creative Planning's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

#### **Brokerage for Client Referrals – TD Ameritrade**

Creative Planning may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Creative Planning may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Creative Planning and there is no employee or agency relationship between them. TD Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Creative Planning and has no responsibility for Creative Planning's management of client portfolios or Creative Planning's other advice or services. Creative Planning pays TD Ameritrade an on-going fee for each successful client referral. This fee is a percentage of the advisory fee that the client pays to Creative Planning ("Solicitation Fee").

Creative Planning will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Creative Planning from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Creative Planning on the

recommendation of such referred client. Creative Planning will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Creative Planning's participation in AdvisorDirect raises conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Creative Planning may have an incentive to recommend to clients that the assets under management by Creative Planning be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Creative Planning has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Creative Planning's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

**Brokerage for Client Referrals – Charles Schwab & Co., Inc.**

Creative Planning receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Creative Planning. Schwab does not supervise Creative Planning and has no responsibility for Creative Planning's management of clients' portfolios, our advice or other services. Creative Planning pays Schwab fees to receive client referrals through the Service. Creative Planning's participation in the Service raises conflicts of interest described below.

Creative Planning pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Creative Planning is a percentage of the fees paid by our clients referred by Schwab or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Creative Planning pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Creative Planning quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Creative Planning and not by the client. Creative Planning has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Creative Planning charges clients with similar portfolios who were not referred through the Service.

Creative Planning generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, Creative Planning will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Creative Planning's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Creative Planning will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Creative Planning's fees directly from the accounts.



For accounts of Creative Planning's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Creative Planning's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Creative Planning may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Creative Planning nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Creative Planning's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

#### Automated Investment Program

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co., a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services TM (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, CS&Co. provides us and our clients, both those enrolled in the Program and our clients not enrolled in the Program, with access to its institutional brokerage services- trading, custody, reporting, and related services-many of which are not typically available to CS&Co. retail customers. CS&Co. also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. CS&Co.'s support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co.'s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. The following is a more detailed description of CS&Co.'s support services:

CS&Co.'s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit the client and the client's account.

CS&Co. also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

With respect to the Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are not enrolled in the Program. In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with CS&Co. based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that our selection of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us.

### **Trade Errors**

On occasion, an error may be made in a client's account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, Creative Planning generally seeks to correct the error by placing the client account in a similar position as it would have been had there been no error, at no cost to the client. Depending on the circumstances, corrective steps may be taken, including but not limited to, cancelling the trade, adjusting an allocation, and/or crediting the customer's account. In the event the trading error results in a profit, the profit is retained by the client.

### **Brokerage for Client Referrals – Scottrade Investment Management**

Creative Planning participated in the Scottrade Investment Management Advisor Access referral program and referral fees previously paid under such program are now paid to TD Ameritrade, Inc. and are subject to the terms and conditions and fee schedule as disclosed in the Advisor Direct Referral program Disclosure Brochure.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Reviews of clients' portfolios are conducted to assure proper credits and debits and related matters. Creative Planning reviews client accounts in their entirety on at least a semi-annual basis to determine any readjustment of assets according to Creative Planning's active asset allocation model. Portfolios are also reviewed on an informal and periodic basis as needed or requested. Your investment advisor representative is the primary person responsible for reviewing your individual accounts managed by Creative Planning. Your investment advisor representative may seek the advice of other Creative Planning advisory personnel when conducting reviews and formulating strategies.

As part of our fiduciary duty to clients, we endeavor at all times to put the interests of our clients first. In selecting new holdings for our portfolios and evaluating those currently used, Creative Planning utilizes an Investment Committee to review both quantitative and qualitative factors including internal costs, expense ratios, diversification, and tracking error, among other factors.

Clients are contacted annually regarding the financial planning update. Financial plans are updated more frequently than annually at the client's request.

Comprehensive financial planning is included as part of the Creative Planning portfolio management services. The financial plan includes a Net Worth Statement, retirement projections, education projections, asset allocation analysis and recommendations, diversification recommendations, a risk tolerance assessment, a risk management review, an estate planning review, as well as additional issues. Creative Planning reviews a client's financial situation in detail. Similar to reviews of investment management accounts, your investment advisor representative is the primary person responsible for preparing and updating financial plans, but can seek the assistance of other advisory personnel when needed. You can call, e-mail or schedule in-person meetings with your investment advisor representative as often as needed.

### **Statements and Reports**

For clients with accounts managed through our Portfolio Management Services, we provide quarterly reports which are prepared and distributed by ORION Advisor Services, LLC (please refer to Item 5 – Fees and Compensation for a description of ORION's services and our arrangement with their firm). The reports include current holdings, current asset allocations, performance, and other relevant information. In addition, clients receive account statements directly from the custodian holding the client's account(s). Account statements are delivered at least quarterly. Clients are urged to compare the reports and statements provided by Creative Planning against the account statements delivered directly from the custodian.

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

### **Other Compensation**

Creative Planning's related persons that are insurance agents and insurance agencies receive commissions and other incentive awards for the recommendation/sale of insurance products. The receipt of this compensation may affect the judgment of Creative Planning's related persons when recommending products to its clients. While Creative Planning's related persons endeavor at all times to put the interest of the clients first as a part of Creative Planning's fiduciary duty, clients should be aware that the receipt of commission and additional compensation itself creates a conflict of interest, and may affect the judgment of insurance agents when making insurance product recommendations.

Please refer to Item 12 – Brokerage Practices for a description of the various other economic benefits received through our brokerage arrangements.

### **Client Referrals**

In addition to the referral arrangements referenced in Item 12, we have established several other arrangements whereby we compensate individuals and outside entities for client referrals. When a client is introduced to Creative Planning by either an unaffiliated or an affiliated person or company, we may pay the referring party a portion of the client's total investment management fee in accordance with the requirements of applicable federal and state "solicitor" rules. For example, employees of Creative Planning or one of our advisory affiliates may refer clients to Creative Planning. In these cases, Creative Planning will compensate the referring individual by paying up to 0.30% of the total fee charged by Creative Planning to the client. Outside entities are compensated up to 30% of the revenue earned by the firm on the client relationship.

When a prospective client is introduced to Creative Planning by an unaffiliated referring party, the referring party, at the time of initially introducing Creative Planning, is required to disclose the nature of the referral arrangement, and must provide the prospective client with a copy of this Disclosure Brochure together with a copy of a specific solicitor disclosure statement which explains the terms of the solicitation arrangement between Creative Planning and the referring party, including the compensation to be received by the referring party from Creative Planning. Affiliates and employees of Creative Planning that

refer clients and receive compensation from our firm must disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this Disclosure Brochure.

**Referrals Between Creative Planning and America's Best 401k for Third Party Administration Services**

Creative Planning Inc. (CPI) has formed a relationship with America's Best 401k which also provides administration and record keeping services for qualified retirement plans.

America's Best 401k provides non-investment adviser functions (i.e. non 3(38) and 3(21) investment management services) such as plan document preparation, participant enrollment, education and support services, service provider due diligence/analysis and other vendor support/analysis services. Year end discrimination testing, Form 5500 preparation as well as other services agreed to with clients are available. CPI is the designated ERISA section 3(38) investment manager for all plans choosing to utilize the services of America's Best 401(k). In addition, any client or prospective client interested in personal wealth management services, may be referred to CPI.

America's Best 401k and Creative Planning will each recommend each other's services to their respective clients. Neither Creative Planning nor America's Best 401k receive any portion of the fees paid by client to the other for the services provided by that party to their clients. In addition, there are no referral fees paid by Creative Planning or America's Best 401k to the other. However, Anthony Robbins, CPI's Director of Investor Psychology and a Supervised Person of the firm, has an ownership interest in America's Best 401k and therefore benefits from referrals between the parties. Fees charged by clients that work with America's Best 401k and Creative Planning will be split between the two firms. Although the firms share fees, services provided are separate and distinct. Therefore, clients must enter into an agreement with America's Best 401k and a separate agreement with Creative Planning. There exists a conflict of interest to the extent that either Creative Planning or America's Best 401k recommends the services of the other as the recommendation could be made on the basis of the benefit received by Supervised Persons of Creative Planning rather than the client's best interest. Clients are under no obligation to engage either party for the recommended services.

**Referrals Between Creative Planning and Creative's 401k Services division**

Creative Planning Inc. also administers 401k plans through its 401k division, which offers an array of retirement plan services for business owners.

Services offered meet the requirements of being an ERISA 3(38) fiduciary, and include 401k and profit sharing plan consulting services, fund performance reviews and comparisons, investment committee oversight, fiduciary services, plan design, and employee education programs. In addition, any plan participant interested in personal wealth management services may be referred to CPI.

401k Services and Creative Planning will each recommend each other's services to their respective clients. Employees of Creative Planning or 401k Services will receive referral fees for clients referred to the other entity, so a conflict of interest exists to the extent that if an employee of Creative Planning or 401k Services recommends the services of the other, the recommendation could be made on the basis of the benefit received by the employee rather than the client's best interest. Clients are under no obligation to engage either party for the recommended services.

**Sponsorship of Corporate Events**

Companies managing securities and other assets (which are used in Creative Planning accounts) for mutual funds, exchange traded funds, institutional investors and clients of independent financial advisors including, but not limited to, Dimensional Funds Advisors LP, BlackRock, iShares and Vanguard, may

from time to time sponsor or host Creative Planning events such as conferences and seminars. This may include direct payment to vendors or reimbursement of expenses incurred by Creative Planning in connection with hosting educational, training or other events for Creative Planning clients or employees. Such hosting or sponsorship provides direct or indirect economic benefits to Creative Planning and creates a conflict of interest that could influence Creative Planning to include products or services offered by these sponsoring companies in Creative Planning portfolios. Creative Planning never receives a kick back, consulting or revenue sharing fee for recommending specific investments to its clients.

As part of our fiduciary duty to clients, we endeavor at all times to put the interests of our clients first. In selecting new holdings for our portfolios and evaluating those currently used, Creative Planning may utilize its Investment Policy Committee (IPC) to review both quantitative and qualitative factors including internal costs, expense ratios, diversification, and tracking error, among other factors.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

Creative Planning is deemed to have custody of client funds and securities whenever the firm is given the authority to have fees deducted directly from client accounts. Creative Planning has the ability to deduct its advisory fee from the client's custodial account. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., TD Ameritrade, Schwab, Fidelity, etc.) at least quarterly. To the extent that Creative Planning provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Creative Planning with the account statements received from the account custodian. The account custodian does not verify the accuracy of Creative Planning's advisory fee calculation.

There are some trust clients for which our firm's owner Peter Mallouk, in his separate capacity as an attorney with Creative Planning Legal, P.A., or an affiliated trust company (Creative Planning Trust Company), serves as trustee. Serving as trustee for clients is another form of custody. There are also accounts held at qualified custodians, in the registration name of the client, where the client has provided Creative Planning with authority to disburse client assets to an account not in the name of the client. The ability to disburse client assets to a third-party is another form of custody.

Specific to accounts for which Peter Mallouk, in his separate capacity as attorney with Creative Planning Legal, P.A., or Creative Planning Trust Company serves as trustee, the firm has engaged an independent public accounting firm, not affiliated in any way with Creative Planning, to perform an annual surprise verification examination. The purpose of such an examination is to verify that the funds and securities held in accounts actually exist and are located at the applicable qualified custodian. In accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, accounts for which we have third-party disbursement authorization are not subject to an annual surprise CPA examination.

For accounts in which Creative Planning or its related companies is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.

Creative Planning offers a 'family office' service to clients whereby the firm will pay bills on behalf of clients. This arrangement is also a form of custody and engagements with clients where these services are utilized will also be subject to the annual surprise CPA examination.

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

Upon receiving written authorization from the client in our standard client agreement, Creative Planning provides discretionary investment advisory services for client accounts. When discretionary authority is granted, Creative Planning will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

Creative Planning may elect to purchase bonds through bond brokers in order to obtain a better price for the client and then have the bonds delivered into the client's brokerage account. This practice is called "trading away". This is the only case in which Creative Planning selects a broker to be used without specific client consent. The client's primary broker/dealer-custodian typically charges the client a transaction fee for "trading away" through other brokers.

In limited situations, a client may be allowed to grant trading authorization on a non-discretionary basis. In these cases, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Creative Planning will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve an optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement. However, Creative Planning reserves the right to not accept any discretionary or non-discretionary trading arrangements proposed by a client.

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

Creative Planning does **not** vote proxies on behalf of clients. It shall be the client's ultimate responsibility to select and make all proxy voting decisions. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, Creative Planning has determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by Creative Planning. This policy also applies to any elections relative to mergers, acquisitions, tender offers, bankruptcy proceedings or other types of corporate actions.

Clients will receive proxy and corporate action notices directly from their custodian, issuer, or transfer agent and such documents will not be delivered by Creative Planning. Although Creative Planning does not vote client proxies or corporate actions, if you have a question about these items feel free to contact your wealth manager.

#### **Item 18 – Financial Information**

This item is not applicable to this brochure. Creative Planning, Inc. does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, Creative Planning is not required to include a balance sheet for my most recent fiscal year. Creative Planning is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, Creative Planning has not been the subject of a bankruptcy petition at any time.

## CUSTOMER PRIVACY POLICY NOTICE

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Creative Planning does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

**Commitment to Your Private Information.** Creative Planning is committed to safeguarding the confidential information of its clients. Creative Planning holds all personal information provided by clients in the strictest confidence and it is the objective of the firm to protect the privacy of all clients. Except as permitted or required by law, the firm does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, the firm will provide clients with written notice and clients will be provided an opportunity to direct Creative Planning as to whether such disclosure is permissible.

**Why We Collect and How We Use Information.** To conduct regular business, Creative Planning, Inc. may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to the firm
- Information about the client's transactions implemented by the firm or others
- Information developed as part of financial plans, analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for Creative Planning to provide access to customer information within the firm and to nonaffiliated companies, with whom the firm has entered into agreements with. To provide the utmost service, the firm may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on the firm's behalf.

- Information Creative Planning receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with the firm or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Creative Planning

**Sharing Information with Other Companies Permitted Under Law.** Since Creative Planning, Inc. shares nonpublic information solely to service client accounts, the firm does not disclose any nonpublic personal information about the firm's customers or former customers to anyone, except as permitted by law. However, the firm may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that the firm has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, the firm will allow its clients the opportunity to opt out of such disclosure.

**Former Customers.** Even if we cease to provide you with financial products or services, our Privacy Policy will continue to apply to you and we will continue to treat your nonpublic information with strict confidentiality.

**Any Questions.** Creative Planning's Chief Compliance Officer, Ken Pyle, is available to address any questions regarding this ADV Part 2A.