

# **Asset Planning Corporation**

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**January 22, 2021**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Asset Planning Corporation. If you have any questions about the contents of this brochure, contact us at 561-689-5724. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Asset Planning Corporation is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated February 26, 2020 we have no material changes to report that have not already been disclosed to clients.

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## Item 4 Advisory Business

### Description of Services and Fees

Asset Planning Corporation is a registered investment adviser located in West Palm Beach, Florida. We are organized as a corporation under the laws of the State of Florida. We have been providing investment advisory services since 2004. Financial Planning Investment Group, Inc., owns 100% of our firm and Louis J. Macloskey and Renee Post are the principal owners of Financial Planning Investment Group, Inc. Currently, we offer the following investment advisory services, which are personalized, to each individual client:

- Financial Planning and Consulting Services
- Cambridge Managed Account Platform - Wrap Fee Program
- Portfolio Management Services - Variable Annuity Sub-Accounts
- Advisory Services to Retirement Plans

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our" and "us" refer to Asset Planning Corporation and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm. In addition, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Financial Planning and Consulting Services

We offer broad-based, modular, and consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information, you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information, you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

We charge a fixed fee for financial planning services, which generally ranges between \$500 and \$25,000. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. We require that you pay 50% of the fee in advance and the remaining portion upon the completion of the services rendered. However, we will not require prepayment of a fee more than six months in advance from the date of the planning agreement and in excess of \$1,200.

If you only require advice on a single aspect of your finances, we offer modular financial planning/general consulting services on an hourly basis. Our rate for such services ranges from \$175 to \$225 per hour and is negotiable depending on the scope and complexity of the plan, your financial situation, and your objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial

estimate. In such cases, we will notify you in advance and request that you approve the additional fee. Fees are due upon completion of services rendered. However, complex situations may require an initial deposit.

At our discretion, we may waive or offset the financial planning fees should you choose to implement our recommendations through Investment Adviser Representatives of our firm in their separate capabilities as Registered Representatives of Cambridge\*, or through a portfolio management program with our firm. However, you are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services and may place securities transactions with any brokerage firm.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

*\*See the "Brokerage Practices" section of this brochure for more information on Cambridge Investment Research, Inc.*

### **Cambridge Managed Account Platform ("CMAP") - Wrap Fee Program**

CMAP is an investment management platform offered through Cambridge Investment Research, Inc., a registered broker dealer and member of FINRA/SIPC. Under this Wrap Fee Program, our firm will provide discretionary and, portfolio management services to you based on your individual needs, risk tolerances, and personal or business situation. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security.

We act as the portfolio manager to and sponsor of this wrap fee program, which is a type of investment program that provides clients with portfolio management services for a single fee that includes administrative fees, management fees, and commissions. If you participate in our wrap fee program, you will pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

We will gather information regarding your current investments (if any), current financial condition, and obligations. We will then recommend a portfolio of investments suited to help meet your goals, financial needs, and investment objectives in light of general economic and market conditions. A portfolio may include equities, bonds, CDs, covered options, REITS, annuities, and mutual funds (no-load, front-end load & back-end load). To participate in the Program, you will be required to open and maintain an account at Cambridge\*\* with all securities custodied and cleared on a fully disclosed basis through Pershing, LLC ("Pershing"),

**Fee Schedule:** The total fee you pay is composed of three components: Advisory Fees, Service Fees, and Transaction Fees. Our Advisory fees and Service fees are based on assets under management.

**Advisory Fee**

<u>Assets Under Management</u>	<u>Maximum Annualized Fee</u>
On the First \$250,000	1.50%
Next \$250,000 to \$1,000,000	1.25%
Next \$1,000,000 to \$2,000,000	1.00%
Next \$2,000,000 and Up	0.95%

In some cases, these fees may be negotiable and will be shown in Exhibit A of the Asset Management Agreement.

Our annual advisory fee is payable quarterly in advance based on the value of your account on the last day of the previous quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

Transactions for your account must be executed by Pershing LLC, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, see *Appendix 1* to this Brochure.

Depending on market activity, holdings, and other strategic considerations, from time to time complex portfolios may require active trading. Based on these factors, our firm will pay clearing charges for those accounts. Otherwise, advisory will be directly deducted from your Pershing account. You must provide our firm with written authorization to deduct our fee directly from your Pershing account. Pershing will deliver an account statement to you at least quarterly. You may elect to receive such statements electronically. These account statements will show all disbursements from your account. You should review all statements for accuracy. You may withdraw this direct debit authorization (contained in the program advisory agreement) at any time; however, doing so will terminate the agreement under the Program.

You may terminate the asset management agreement for CMAP within five days from the date of acceptance without penalty to you. After the five-day period, either you or our firm may terminate the asset management agreement upon 30-days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the asset management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

*\*\*See the "Brokerage Practices" section of this brochure for more information on Cambridge Investment Research, Inc.*

**Portfolio Management Services - Variable Annuity Sub-Accounts**

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives relative to mutual funds\* held in variable annuity sub-accounts, or variable life sub-accounts. If you retain our firm for portfolio management services, we will

meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a limited power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Our fee for portfolio management services is an annual fee beginning at 0.50% (50 basis points), billed quarterly in advance, based on the value of the Client's account on the last day of the previous quarter. The initial service fee is based upon the inception market value of the account and is charged when the account is opened. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on the individual scope and complexity of the agreed upon services.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

You must provide our firm with written authorization to deduct our fee directly from your Pershing account. Pershing will deliver an account statement to you at least quarterly. You may elect to receive such statements electronically. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the portfolio management agreement within five days from the date of acceptance without penalty to you. After the five-day period, either you or our firm may terminate the portfolio management agreement upon 30-days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Advisory Services to Retirement Plans**

As disclosed in this Form ADV Part 2A, we offer discretionary portfolio management services to employee benefit plans ("Plan"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage

us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described above, and in the service agreement that you have previously signed with our firm. Our compensation for these services is described within at Item 4 as well as in the service agreement you signed with our firm. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan. If we receive any other compensation for such services, we will credit 12b-1 and other trail commissions to your account at the custodian.

#### **Status**

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In providing services to the Plan, we are acting as a fiduciary of the Plan as defined in Section 3(21) under ERISA, and, to the extent applicable, as a discretionary fiduciary of the Plan as defined in Section 3(38) under ERISA.

#### **Types of Investments**

We primarily recommend mutual funds and exchange traded funds, however, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

#### **Assets Under Management**

As of January 6, 2021, we provide continuous management services for \$110,862,705 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the "Advisory Business" section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

#### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

#### **Securities Compensation**

Persons providing investment advice on behalf of our firm are registered representatives with Cambridge Investment Research, Inc. ("Cambridge"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons receive compensation in connection with the purchase, sale, or holding of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees from mutual funds. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on



behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

All compensation received by Investment Adviser Representatives (IARs) of our firm for securities transactions through Cambridge are separate, yet customary for effecting securities transactions, including 12b-1 fees for the sale of investment company products. IARs do not realize any 12b-1 fees generated in ERISA accounts, rather the fees are directly refunded to our client's account.

In addition, registered representatives with Cambridge are eligible to receive incentive awards such as Cambridge may offer. Please refer to the "Brokerage Practices" section of this brochure for more information regarding economic benefits some IARs receive through Cambridge.

### **Variable Annuity Compensation**

We may recommend that you purchase variable annuities or variable life insurance. Persons providing investment advice on behalf of our firm, who are properly licensed, earn commissions on the sale of the variable annuities or variable life insurance. If there is no sales charge (sometimes called a load fee) associated with the variable product, the value of the variable product's investment sub-accounts may be included in the fee calculation for your management account. However, if there is sales charge associated with the variable product, the value of the variable product's investment sub-accounts may not be included in the total value of your assets under management for our advisory billing/fee computation for two years after the products are purchased. After the two-year period, the value of the annuity or variable life sub-accounts may be added to the value of your total assets for billing purposes. You are under no obligation, contractually or otherwise, to purchase variable annuities through any person affiliated with our firm.

### **Insurance Product Compensation**

Persons providing investment advice on behalf of our firm, who are licensed as independent insurance agents, will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

### **Mutual Fund Sponsor Benefits**

On occasion, mutual fund companies may sponsor client appreciation events for our firm. In addition, Investment Adviser Representatives may receive reimbursement for travel and expenses to attend fund sponsored education conferences. Investment Adviser Representatives might be inclined to select or recommend sponsor products over products offered by other companies not providing sponsorship or expense reimbursements, rather than selecting or recommending products based on your individual needs. Therefore, a conflict of interest exists between you and our firm. However, you are under no obligation to enter into an advisory agreement with our firm.

### **Fee Offset for Commissions Earned**

At our discretion, we may offset our advisory fees to the extent our Associated Persons earn commissions in their separate capacities as registered representatives and/or licensed insurance agents.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$25,000 to open and maintain a portfolio management or managed advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Technical Analysis (Third-party research and mutual fund rating services) - involve studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.
  - *Risk:* The risk of market timing based on technical analysis is that analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- Modern Portfolio Theory (MPT) - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.
  - *Risk:* Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.
- Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year.

- *Risk:* Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments. There is also the risk that the long-term return may not keep up with inflation.
- Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
  - *Risk:* Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. Many factors can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods. In addition, short-term investment returns can be negatively impacted by the effects of taxation especially when gains are realized.

Our firm's overall investment strategy is to follow an asset allocation model based upon each client's risk tolerance. Implementation of the strategy is accomplished using tactical and strategic techniques when allocating stocks, bonds, mutual funds, government, and corporate notes. Therefore, our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, because of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian, Pershing, will default to the FIFO (First-In First-Out) cost basis accounting method for your securities investments (including ETFs), but they will default to Average cost basis using FIFO for your mutual fund investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this brochure, we offer advice on many types of securities; however, we primarily recommend mutual funds and exchange traded funds.

Mutual funds and exchange-traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees which can also reduce returns.

### **Item 9 Disciplinary Information**

Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

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

#### **Registrations with Broker-Dealer**

Persons providing investment advice on behalf of our firm are registered representatives with Cambridge Investment Research, Inc. ("Cambridge"), an unaffiliated full-service securities broker/dealer member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Brokerage commissions earned by these persons are separate from our advisory fees. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm. Louis J. Macloskey, President of our firm is also President of Financial Planning Investment Group Inc., a financial services corporation and branch location for Cambridge.

In addition, Louis J. Macloskey, President of our firm, is also supervisor of a designated Office of Supervisory Jurisdiction through his affiliation with Cambridge for a network of independent registered representatives and advisors, many of whom are also Investment Adviser Representatives of our firm.

#### **Insurance Agents**

Persons providing investment advice on behalf of our firm, who are licensed as insurance agents, will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by persons affiliated with our firm who are also licensed insurance agents.

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

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

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We recommend the brokerage services of Cambridge Investment Research, Inc. ("Cambridge"), an unaffiliated full-service securities broker/dealer, member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Securities transactions for brokerage clients of Cambridge are executed through Pershing, LLC ("Pershing"), an unaffiliated securities broker/dealer and clearing firm. We believe that Pershing provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Cambridge, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm.

Even though our firm has an arrangement with Cambridge and the clearing broker/dealers that have contracted with Cambridge, the recommendation of Cambridge is not influenced by any additional services or benefits provided to our firm. We will periodically review alternatives in the marketplace to ensure that Cambridge and its custodians are meeting our firm's duty to seek best execution for our client accounts. Best execution is not based solely on the lowest transaction cost. Among other factors, best execution includes the quality and speed of execution. These factors will be considered when reviewing best execution for our client accounts.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

Persons providing investment advice on behalf of our firm who are registered representatives of Cambridge will recommend Cambridge to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Cambridge unless Cambridge provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Cambridge. It may be the case that Cambridge charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Cambridge, these individuals (in their separate capacities as registered representatives of Cambridge) will earn commission-based compensation as result of placing the recommended securities transactions through Cambridge. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for generating commissions rather than solely based on your needs.

In addition, some of our Associated Persons may enter into or have entered into an Equity Participation Plan with Cambridge. Under this arrangement, these persons have the ability to earn a percentage of Cambridge's overall profit ratio. This arrangement presents a potential conflict of interest between our firm and our clients in that it may inhibit our independent judgment concerning the best execution services offered by Cambridge. However, you may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker we recommend. However, if you do not use Cambridge, we may not be able to accept your account. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

**Aggregated Trades**

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, non-wrap accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. If you participate in our wrap fee program described above, you will not pay any portion of the transaction costs in addition to the program fee. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We do not aggregate trades for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

**Item 13 Review of Accounts**

All portfolio management and managed accounts are monitored on a continuous basis. A formal internal review of CMAP accounts is conducted on at least a semi-annual basis. In addition, all portfolio management and managed account clients are offered an annual meeting to review their goals, financial situation, and risk tolerance.



Renee Post, CFP®, Vice President and Chief Compliance Officer of our firm is responsible for ongoing account client level and portfolio/investment level reviews for all managed accounts. Typically, IARs meet with their clients at least annually. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

Our firm will provide you with holdings summary and performance reports periodically. In addition, clients using the CMAP platform receive statements from Pershing showing the total portfolio value, securities holdings, and activity in their accounts, at least quarterly. Transaction confirmations are also issued by Pershing showing transactions on a trade-by-trade basis. Pershing also provides quarterly statements showing the holdings and activity by quarter along with on-line access to summary reports. Statements and confirmations are available electronically.

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

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Dan Darnell, an investment adviser representative of our firm, has entered into an agreement with Cambridge Investment Research, Inc. ("Cambridge") whereby Cambridge has provided funding to him, in the form of a forgivable loan, for the purpose of establishing and growing his investment advisory business. As part of this agreement, he has agreed to use Cambridge's brokerage and custody services for at least a certain period of time. This arrangement creates a conflict of interest in that the firm and Mr. Darnell, have a financial incentive to recommend Cambridge's brokerage and custody services to our clients.

Notwithstanding the requirement to use Cambridge we believe that Cambridge provides quality execution services based on several factors, including, but not limited to, the ability to provide professional services, reputation, experience and financial stability.

Please refer to the "Brokerage Practices" section above for disclosures on benefits we may receive resulting from our relationship with Cambridge.

As previously disclosed, certain persons providing investment advice on behalf of our firm are registered representatives with Cambridge and/or licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

## Item 15 Custody

As paying agent for our firm, Pershing will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. You will receive account statements from Pershing at least quarterly. Where available, you may elect to receive such statements electronically. The account statements from Pershing will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

### Asset Transfer Authority

In 2017 the SEC provided further insight into their definition of 'custody' of client funds. Their updated definition includes the ability to affect third-party asset transfers for client accounts without the client's written consent *per transaction*. We have some clients who maintain written approval on file with the clearing firm for systematic fund distributions or movement. This ability falls within the SEC's definition of custody for our firm.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a limited power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

## Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.



## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.