

# Part 2A of Form ADV: Firm Brochure

## ITEM 1 COVER PAGE ADV PART 2A

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CAPITAL PLANNING, LLC

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DATE OF FIRM BROCHURE

March 30, 2021

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### FIRM BROCHURE INFORMATION

This brochure provides information about the qualifications and business practices of Capital Planning, LLC. If you have any questions about the contents of this brochure, please contact us at 425-643-1800. 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 Capital Planning, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our CRD number is 169470.

Capital Planning, LLC is registered with the Securities and Exchange Commission as an investment advisor. At times, we may refer to our firm as a Registered Investment Advisor; however, the use of the term "registered" does not imply a certain level of skill or training.

## ITEM 2 MATERIAL CHANGES

Our current Form ADV, Part 2A will be available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide clients with either: (i) a copy of our Form ADV, Part 2A that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2A. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our firm, including but not limited to advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

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### MATERIAL CHANGES

Since the last Annual Amendment filed on March 30, 2020, there have been no material amendments to this disclosure brochure. There have been certain non-material amendments at:

Item 4 to enhance disclosure on our investment advisory services.

Item 12 has been revised with respect to Schwab transaction fees charged in connection with the Investnet Mega Block trade process.

ANY QUESTIONS: CPC's Chief Compliance Officer, Michael D. Miller, CFP®, ChFC®, AAMS®, remains available to address any questions regarding this Brochure.

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### FIRM DESCRIPTION AND PRINCIPAL OWNERS

Capital Planning, LLC (hereinafter “CPC” or the “firm” or “we”) is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser. The services provided by CPC were previously offered by the firm’s predecessor Capital Planning Corp. CPC succeeded to the investment advisory business of Capital Planning Corp in January 2014.

The following individuals represent the ownership group of CPC. Michael D. Miller, through M3 Holdings Corp owns approximately 80% of CPC; Mr. Miller’s ownership represents a controlling interest. James E. Kelley owns approximately 20% of CPC.

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### TYPES OF ADVISORY SERVICES

Capital Planning, LLC offers a variety of investment advisory services on a fee basis to individuals, families and their related entities, trusts and estates, and businesses. Capital Planning, LLC’s services include Wealth Management, Investment Management, and Financial Planning and Consulting. Prior to providing advisory services, clients are required to enter into a written agreement with Capital Planning, LLC setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. To commence the investment advisory process, CPC will ascertain each client’s investment objective(s) and then allocate the client’s assets consistent with the client’s designated investment objective(s). Once allocated, CPC provides ongoing supervision of the account(s).

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### WEALTH MANAGEMENT SERVICES

Capital Planning, LLC’s Wealth Management Service is a combination of our Investment Management and Financial Planning services.

Our approach is to provide clients with unbiased and objective advice based on the following integrated principals: clarity, capability, collaboration, and confidence. We lead clients through a four phase strategic process that systematically addresses eight key components of their financial life.

#### ***Four phase approach:***

##### ***Wealth Assessment***

An in-depth assessment to identify goals and objectives, uncover critical planning gaps and opportunities in the eight key components, establish priorities, and schedule an implementation timeline.

Eight Key Components:

- Goals and Objectives
- Cash Flow Planning
- Compensation and Benefits
- Investment Management
- Tax Planning
- Risk Management

- Estate Planning
- Wealth Administration

### ***Customized Solutions***

We present recommendations to clients that are developed based on their goals, long-term vision, and the planning gaps and opportunities identified to help them work toward achieving their goals and objectives.

### ***Implementation***

A client's customized solutions are implemented by following an intentional, integrated, and thoughtful wealth plan.

### ***Wealth Plan Monitoring***

Wealth plans are reviewed with clients in periodic meetings and adjusted as necessary.

We recommend outside professionals when clients require services we don't offer. Outside professionals are engaged by clients directly and those services are separate from our services.

For further details on our Wealth Management Services, please see the next two sections below on *Investment Management Services* and *Financial Planning Services*.

***Please Note:*** CPC believes that it is important for the client to address financial planning issues on an ongoing basis. CPC's advisory fee, as set forth at Item 5 FEES & COMPENSATION below, will remain the same regardless of whether or not a client determines to address financial planning issues with CPC.

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## INVESTMENT MANAGEMENT SERVICES

Our approach for Investment Management Services seeks to put our clients in a position to capture returns from market growth over time. We utilize our investment strategies to design strategic portfolios in which the overall asset allocation may change in different market environments in an effort to maintain attractive risk and return characteristics. We use a seven step process to uncover your goals, objectives, and concerns. This systematic approach provides the foundation to develop your strategically focused investment portfolio.

### ***Seven step approach:***

#### ***Plan***

We work with clients to understand their overall investment vision, goals, and objectives.

#### ***Determine***

We help clients to determine return objectives, risk temperament, time horizon, income needs, tax and social sensitivity, and other objectives to develop an investment profile.

#### ***Develop***

A client's investment plan is developed based on their investment profile with key elements recorded in their Total Portfolio Investment Objective statement.

#### ***Implement***

A client's plan will be implemented with a diversified investment portfolio selected from traditional and alternative investment strategies.

**Monitor**

We monitor clients' objectives and recommend or make adjustments as needed to maintain their Total Portfolio Investment Objective.

**Report**

We make available web-based solutions that provide performance, income and tax reporting data.

**Update**

We remain available to meet with our clients on a regular basis to review their portfolio and adjust investment objectives as necessary.

**Investment Strategies:****CPC Models**

Clients may choose to invest in a CPC Model that has investment objectives consistent with their goals and objectives. We work with our clients to select a CPC Model or a combination of CPC Models. CPC Models provide clients access to a variety of investment strategies managed by our Investment Policy Committee. We design our Models according to pre-established goals for each Model and manage the models according to those goals rather than the individual goals of clients. CPC provides ongoing monitoring and review of performance, asset allocation and client investment objectives. Client accounts may include mutual funds, exchange-traded funds (ETFs), stocks, bonds, notes, real estate investment trusts (REITS), options and futures, among other investments.

**CPC Custom Models**

Clients may choose to invest in a custom model that has investment objectives consistent with their goals and objectives. Capital Planning may create customized investment solutions for a particular client. Each model is initially designed to meet a particular investment goal which has been determined to be suitable to a client's circumstances. Once the appropriate model has been determined, we review the model and rebalance the account based upon the client's individual need, stated goal, and objectives.

**CPC Variable Annuity Models**

We offer a no-load fee based RIA Variable Annuity which allows CPC, in conjunction with the Nationwide Annuity platform ("Nationwide"), to manage client assets in the investment sub-accounts. CPC manages the Nationwide sub-accounts in accordance with strategies similar to those listed above in CPC Models. When offering this service, CPC either directs or recommends the allocation of client assets among the various investment alternatives that comprise the variable annuity product. The client assets shall be maintained at the specific insurance company that issued the variable annuity product which is owned by the client.

**Please Note:** When requested to provide advisory services with respect to a variable annuity, Capital Planning's advice may be limited to the investment alternatives provided by the variable annuity.

**Managed Programs**

Clients may choose to invest in a Managed Program that has investment objectives consistent with their goals and objectives. Managed programs provide clients access to a variety of investment strategies managed by third party money managers or sub-advisers (unaffiliated investment managers or "Independent Managers"). Independent Managers have the day-to-day responsibility for the active discretionary management of the client's assets. We continue to monitor and review the client's account performance, asset allocation and investment objectives. Factors which we consider in

recommending Independent Managers include the client's designated investment objective(s), and the manager's management style, performance, reputation, financial strength, reporting capabilities, pricing structure, and published research. A client is under no obligation to engage an Independent Manager. The investment management fee charged by the Independent Manager is in addition to our advisory fee as set forth in the fee schedule at Item 5 FEES & COMPENSATION. Fees will be disclosed to the client before entering into a separate agreement with the Independent Manager, including related terms and conditions. Client accounts may include mutual funds, exchange-traded funds (ETFs), stocks, bonds, notes, real estate investment trusts (REITs), options and futures, among other investments.

### ***Reporting Plus Services***

Reporting Plus Services enables us to provide reporting and administrative services for client accounts. We work with the client to establish the new account and facilitate the transfer of securities. We serve as the liaison with custodians and provide performance reporting, trading, and administrative services. These accounts are managed by CPC and are provided as a courtesy for clients. Reporting Plus Services accounts are usually only offered to clients who have other investment strategies with CPC under Wealth Management and Investment Management services. A separate fee is charged for each account annually. See Item 5 FEES AND COMPENSATION.

*Discretion regarding CPC Models and/or Managed Programs.* On an ongoing basis, CPC monitors the performance of the Independent Managers, ETFs and mutual funds. If we determine that one or more of these third parties is not providing sufficient management services to the client, or is not managing the client's assets in a manner consistent with that client's investment objectives and approved strategy, we may select a different mutual fund, ETF or Independent Manager to manage the client's assets. Under this scenario, CPC retains the discretion to hire and fire each Independent Manager and buy or sell mutual funds and ETFs. In addition, CPC monitors clients' accounts with respect to holdings such as stock, bonds, notes, and other securities that were transferred in from the client's other accounts or remain following termination of a prior Independent Manager. CPC retains the discretion to buy, sell or hold these assets.

*Asset Based Pricing Limitations.* We may recommend that our clients enter into an asset based pricing agreement with the account custodian. Under an asset based pricing arrangement, the amount that a client will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of the account, generally expressed in basis points. One basis point is equal to one one-hundredth of one percent (1/100th of 1%, or 0.01%, or 0.0001). Generally, the greater the market value, the lower the percent. This differs from transaction based pricing which assesses a separate commission/transaction fee against your account for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by you to the account custodian. We do not receive any portion of the asset based fees payable by you to the account custodian. We believe that certain clients may benefit from an asset based pricing arrangement. Requests can be submitted to the custodian to switch from asset based pricing to transaction based pricing. However, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Therefore, using transaction-based pricing could result in higher expenses when compared to asset-based pricing.

*Portfolio Activity.* Capital Planning has a fiduciary duty to provide services consistent with the client's best interest. As part of our investment advisory services, we review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and or a change in a client's investment objective. Based on these factors, there may be extended periods of

time when we determine that changes to a client's portfolio are neither necessary nor prudent. Clients remain subject to the fees described in Item 5 FEES & COMPENSATION during periods of account inactivity.

*Client Customized Accounts and Restrictions.* Client portfolios and accounts may be customized based on their investment objectives. Clients may make requests or make suggestions regarding the investments made in their overall portfolio or in specific accounts. If a client requests a restriction on trading that, in our opinion, is not in their best interest and we are unable to honor, if forced, it may result in the termination of our agreement.

*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 result in adverse tax consequences). If CPC recommends that a client roll over their retirement plan assets into an account to be managed by CPC, such a recommendation creates a conflict of interest if CPC will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, CPC serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. No client is under any obligation to rollover retirement plan assets to an account managed by CPC. CPC's Chief Compliance Officer, Michael D. Miller, CFP®, ChFC®, AAMS®, remains 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.

*Custodian Charges-Additional Fees.* When requested to recommend a broker-dealer/custodian for client accounts, CPC generally recommends that Charles Schwab and Co., Inc. ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab may charge brokerage commissions, transaction, and/or other fees for effecting certain types of securities transactions. CPC does not receive any portion of these fees/charges. The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian that is selected. When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom CPC and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers. These fees/charges are in addition to CPC's investment advisory fee as noted in Item 5 FEES & COMPENSATION.

Schwab (and primary competitors that provide similar pricing arrangements) does require cash proceeds be automatically swept into a Schwab proprietary or affiliated money market mutual funds or cash sweeps accounts. Such proprietary or affiliated Schwab funds or accounts do not provide the highest return available.

*Idle Assets.* At any time, and for a substantial length of time, we may hold a significant portion of a client's assets in cash or money market mutual funds. Investments in these assets may cause a client to miss out on upswings in the markets. Unless we expressly agree otherwise in writing, account assets consisting of cash and money market mutual funds are included in the value of an account's assets for purposes of calculation of our fees.

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## FINANCIAL PLANNING SERVICES

Capital Planning offers a broad range of financial planning services for clients. The planning considers your assets, liabilities, goals and objectives and includes gathering information necessary to provide you with appropriate and agreed upon services, which may include recommendations on one or more of the following:

- Establishing Goals and Priorities
- Financial Objectives Monitoring
- Capital Needs Analysis (Goal Funding)
- Budget and Cash Flow Planning
- Debt and Liability Analysis
- Educational Funding
- Retirement Planning & Feasibility Report
- Executive Compensation Planning
- Comparative Executive Compensation Reviews
- Employee Stock Option Planning
- Investment Planning
- Tax Planning
- Risk Management Planning (Life and Disability Insurance)
- Estate & Trust Planning
- Charitable Gift Planning
- Business Planning
- Insurance Planning

Our Financial Planning Service includes all, or part of, the following process:

### ***Gathering Information***

We work with clients to mutually define their objectives prior to making recommendations. We endeavor to collect sufficient information to understand the resources and objectives of clients. We use interviews, questionnaires, and data collection forms to establish client's goals and objectives.

### ***Analyzing and Evaluating Goals and Objectives***

We employ various tools to help analyze a client's information and gain an understanding of their goals and objectives. We may use the client's information to create models and illustrations for analysis. Our analysis helps us form opinions regarding whether or not the client's objectives may be met by their resources and current course of action.

### ***Developing and Presenting Recommendations***

We develop, and present recommendations designed to help clients work toward achieving their goals and objectives. Our recommendations may include our Wealth Management, Investment Management, and or Financial Planning and Consulting services. See more below on Consulting Services. We may present our analysis through verbal, electronic or written formats.

### ***Implementing Recommendations***

We work with clients to mutually agree on appropriate recommendations for implementation. Clients are under no obligation to implement any recommendation we offer. We confirm our understanding and respective responsibilities in signed agreements.

### ***Monitoring Changes***

In order to ensure that our initial determination of appropriate recommendations continues to be suitable for clients we maintain relevant client information pertaining to their objectives and risk tolerance. Clients should notify us immediately of any change in their goals and objectives.

We may recommend outside professionals when clients require services we don't offer. Outside professionals are engaged by clients directly and those services are separate from our services.

*Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.* As indicated above, to the extent requested by the client, we will provide financial planning, and related consulting services regarding non-investment related matters, such as tax and estate planning. We do not serve as an attorney or accountant, and no portion of our services should be construed as legal or accounting services. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (e.g., attorneys, accountants, insurance, etc.), including Michael D. Miller, CFP®, ChFC®, AAMS® in his capacity as a licensed insurance agent. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from us. If the client engages any recommended unaffiliated professional, and a dispute arises, the client agrees to seek recourse exclusively from the engaged professional. If, and when, we are involved in a specific matter (e.g., estate planning, insurance, accounting-related engagement, etc.), it is the engaged licensed professionals (e.g., attorney, accountant, insurance agent, etc.), and not our firm, that is responsible for the quality and competency of the services provided.

*Margin / Securities Based Loans.* CPC does not generally recommend the use of margin loans or securities based loans (collectively, "SBLs") as an investment strategy, in which the client would leverage borrowed assets as collateral for the purchase of additional securities. However, CPC may recommend that a client establish a margin account with the client's broker-dealer/custodian or their affiliated banks (each, an "SBL Lender") to access SBLs for financial planning and cash flow management purposes. For example, CPC may deem it advisable for a client to borrow money on margin to pay bills or other expenses such as financing the purchase, construction, or maintenance of a real estate project. Unlike a traditional real estate-backed loan, an SBL has the potential benefit of enabling borrowers: access to funds in a shorter period of time; providing greater repayment flexibility; and may also result in the borrower receiving certain tax benefits. Clients interested in learning more about the potential tax benefits of borrowing money on margin should consult with an accountant or tax advisor.

The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral or repay the SBL if the SBL Lender determines that the value of collateralized securities is no longer sufficient to support the value of the SBL; the risk that the SBL Lender may liquidate the client's securities to satisfy its demand for additional collateral or repayment; the risk that the SBL Lender may terminate the SBL at any time. Before agreeing to participate in an SBL program, clients should carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing "margin calls" and liquidating securities and other assets in the client's accounts. Clients may contact the CPC's Chief Compliance Officer Michael D. Miller, CFP®, ChFC®, AAMS®, with any questions regarding the use of SBLs.

**Excluded Assets & Reporting Only Services.** CPC, in conjunction with the services provided by Envestnet, and eMoney Advisor, may also provide periodic reporting services in an effort to include all of the client's investment assets, including those investment assets that are not part of the assets managed by CPC ("Excluded Assets"). The client and/or their other advisors that maintain trading authority, and not CPC, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed to, in writing, CPC's service relative to the Excluded Assets is limited to reporting only, which is referred to as our Reporting Only Services. As such, CPC does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If CPC is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and CPC shall not be responsible for any implementation error (e.g., timing, trading, etc.) relative to the Excluded Assets.

**Client Obligations.** We are not required to, and we generally will not, verify any information received from clients or their other professionals and are authorized to rely on the information in our possession. Clients are responsible for promptly notifying us if there is ever any change in their financial situation or investment objectives so that we can review, and if necessary, revise our previous recommendations or services.

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## CONSULTING SERVICES

We may provide clients with one or more types of *Consulting Services* including Personal/Business Consulting, Family Legacy Planning or Reporting Only.

**Personal/Business Consulting** is offered as client needs dictate and may include advice on isolated areas of concern for securities and non-security related matters.

**Investment Allocation Consulting** is offered as client needs dictate and includes investment consulting and asset allocation recommendations on accounts not held with Capital Planning, LLC (referred to as outside assets).

**Family Legacy Planning** is a service that helps clients create an estate and legacy plan including multiple generations.

**Reporting Only Services** enables us to report on client accounts that are held with custodians, institutions, and/or broker/dealers where CPC does not have an established relationship. These accounts are referred to as "held away" and these assets are referred to as "Excluded Assets". We create a link to these accounts using software provided by unaffiliated third parties (currently eMoney Advisor and Envestnet Asset Management) in order to calculate the investment performance of the accounts and/or consolidate the account values with the client's other assets. Reporting Only Services are limited to reporting investment performance and values, and subject to certain limitations of the third party software providers. We do not service, trade, administer or manage these accounts. Reporting Only Services accounts have a separate annual fee per account. To the extent that reporting software, such as eMoney, provides clients with access to other types of financial planning tools and information, including financial planning concepts, access to use of such tools or information should not, in any manner whatsoever, be construed as services, advice or recommendations provided by CPC.

### ***Seminars & Webinars***

We provide educational seminars and webinars on various topics including retirement planning, investment planning, annual enrollment and benefit compensation, estate planning, and charitable giving. Any investment information provided in seminars and webinars is educational in nature and does not purport to meet the objectives or needs of any particular attendee. Our seminars and webinars are typically sponsored by select groups and at times, may be open to the public.

### ***Amount of Managed Assets***

As of December 31, 2020, we actively manage approximately \$493,781,639 of Clients' assets on a discretionary basis and approximately \$1,655,228 of Clients' assets on a non-discretionary basis for a total of \$495,436,867.

## **ITEM 5 FEES & COMPENSATION**

### **ADVISORY FEES**

Capital Planning, LLC charges a fixed fee percentage on assets under management. Our fee schedule for Wealth Management Services, Investment Management Services, and Variable Annuity Services is as follows:

<b>CPC ANNUAL FEE SCHEDULE - WEALTH MANAGEMENT SERVICES</b>			
<b>Assets Under Management</b>	<b>(WMS-A1) Wealth Management Services CPC Models</b>	<b>(WMS-A2) Wealth Management Services Third Party Models*</b>	<b>(VAS) Variable Annuity Services**</b>
<b>First \$1M</b>	<b>1.33%</b>	<b>1.25%</b>	<b>Fixed Percentage .65% to 1.33%</b>
<b>Next \$1M to \$5M</b>	<b>1.08%</b>	<b>1.00%</b>	
<b>Amount over \$5M</b>	<b>.65%</b>	<b>.59%</b>	

<b>CPC ANNUAL FEE SCHEDULE - INVESTMENT MANAGEMENT SERVICES</b>			
<b>Assets Under Management</b>	<b>(IMS-A1) Investment Management Services CPC Models</b>	<b>(IMS-A2) Investment Management Services Third Party Models*</b>	<b>(VAS) Variable Annuity Services**</b>
<b>First \$1M</b>	<b>1.08%</b>	<b>1.00%</b>	<b>Fixed Percentage .635% to 1.08%</b>
<b>Next \$1M to \$5M</b>	<b>.93%</b>	<b>.85%</b>	
<b>Amount over \$5M</b>	<b>.635%</b>	<b>.575%</b>	

Certain grandfathered clients may have accepted different pre-existing service offerings from Capital Planning, LLC and may therefore receive services under different fee schedules than as set forth above. As a result of these factors, similarly situated clients could pay different fees. The services to be provided by CPC to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

### ***Wealth Management & Investment Management Services – CPC Models***

Client assets that are in CPC or CPC Custom models are managed by Capital Planning. The day-to-day responsibility for rebalancing, monitoring and review of performance, asset allocation and client investment objectives is provided by Capital Planning.

### ***\*Wealth Management Services & Investment Management Services – Third Party Managers***

Client assets that are in models managed by third party managers or Independent Managers (Managed Programs) have the day-to day responsibility for rebalancing provided by the outside managers. Capital Planning reduces its advisory fee for the outside management of these models. Account reviews for performance, asset allocation and investment objectives remain under Capital Planning's supervision. Clients receive an Envestnet Statement of Investment Selection (SIS) and associated materials that outline the additional fees charged by Envestnet and the third party and/or independent managers.

### ***\*\*Variable Annuity Services Fee***

Nationwide Annuity clients pay an annual fixed percentage fee that is calculated and agreed upon in the written Agreement. Fees are prorated and billed quarterly, in arrears, based upon the average daily balance of the assets under management in the previous quarter.

### ***Reporting Plus Services***

Fees are charged at \$100 per account and billed quarterly in arrears or in advance according to the written Agreement.

### ***Negotiability of Fees***

Capital Planning, LLC fees are generally not negotiable. Fees may differ based on a number of factors:

- Size of the relationship – larger account may receive more favorable pricing.
- Family or related accounts – certain family and/or related accounts may receive more favorable pricing.
- Personal acquaintances of our firm may receive more favorable pricing.
- Grandfathered fee schedules – some clients entered into an advisory relationship with CPC under different terms that may not be available to new clients.

We may, in our sole discretion, waive or modify our minimum account sizes or advisory fee, or we may charge a fixed percentage or fixed dollar fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.). As a result, similarly situated clients could pay different fees.

### ***Client Billing***

Clients are billed quarterly in *advance* or *arrears* as calculated and agreed upon in the written Agreement. Clients authorize Envestnet and custodians, as applicable, to directly debit their accounts. Envestnet compensates the Independent Managers made available through Envestnet.

*Advance Billing.* Fees are calculated based upon a percentage (%) of the market value of the Assets under management in accordance with the tiered fee schedule. The fee shall be prorated and paid quarterly (excluding Variable Annuity Services), in advance, based upon the *market value of the Assets* on the last day of the previous quarter.

Within certain de minimis limits (currently \$10,000), fees on contributions and distributions are

calculated on a pro-rated basis determined by the number of days remaining in that calendar quarter. This does *not* apply to Variable Annuity Services accounts.

For Advance billing, situations where the billing period for these services does not span an entire calendar quarter, the fee will be pro-rated based upon the number of days services were provided during the calendar quarter.

**Arrears Billing.** Fees are calculated based upon a percentage (%) of the market value of the Assets under management in accordance with the tiered fee schedule. The fee shall be prorated and paid quarterly, in arrears, based upon the *average daily balance* of the previous quarter.

***Please note:*** With respect to grandfathered accounts, the determination as to whether CPC bills its advisory fee in advance or in arrears is determined by the investment adviser representative assigned to oversee the relationship. If a client engages CPC to manage variable annuity sub-accounts, fee billing is coordinated through the variable annuity product sponsor and is conducted in arrears.

### ***Amendments to Agreements***

Compensation for our services will be calculated in accordance with what is set and agreed to in the written Agreement. We may amend agreements upon written notification to the client. Unless the client notifies us to the contrary, in writing, the amendment shall become effective thirty (30) days from the date of mailing.

### ***Termination and Refunds***

Client agreements may be canceled at any time by either party with written notice. Upon termination, any prepaid unearned fees are refunded, and any earned unpaid fees are due and payable upon notice.

**Custodial & Brokerage Considerations.** In addition to our fees, clients are also responsible for any expenses charged by custodians, third party service providers, and broker dealers. These fees may include but are not limited to spreads, transaction costs, commissions, clearing costs, reporting fees, transfer or processing fees, and revenue sharing fees regardless of whether we or an Independent Manager effects transaction for the client's account(s). Please see Item 12 BROKERAGE PRACTICES for additional information.

**Asset Based Fees versus Transaction Based Fees.** Custodians such as Schwab are compensated for their services which include, but are not limited to, trade execution, custody and reporting. Custodians can charge a fixed percentage fee for their services based upon the dollar amount of the assets placed in their custody and/or on their platform. This is referred to as an "asset based fee." In the alternative, rather than a fixed percentage fee based upon the market value of the assets in its custody, the custodian could charge a separate fee for the execution of each transaction. This is referred to as a "transaction based fee." Under a transaction based fee, the amount of total fees charged to the client account for trade execution will vary according to the fee schedule provided by the custodian and will depend upon such factors as the type of securities and number of transactions that are placed for the account. For those clients who elect to engage a custodian on an asset based fee basis, CPC will periodically conduct a review to determine if asset based pricing continues to be beneficial for these clients. Prior to engaging a custodian, regardless of pricing (asset based versus transaction based), the client will be required to execute a separate agreement with the custodian agreeing to such pricing/fees.

**Other Fees and Expenses.** Our fees are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees generally include management fees, other fund expenses, and possibly distribution fees. Clients may also incur certain redemption fees imposed by the fund company resulting from our management decisions. Clients may be able to invest in a mutual fund, ETF or Independent Manager directly, without our services. In that case, a client would not receive our services which are designed, among other things, to assist clients in determining appropriate investments for their goals and objectives.

Clients are advised that some investments (including mutual funds, variable annuities, variable life sub-accounts and other investments) used in their Portfolio may distribute payments to the client's custodian or broker dealer pursuant to Rule 12b-1 of the Investment Company Act of 1940. Such payments are made from the assets of the mutual funds, variable annuities, variable life sub-accounts and other investments and, therefore, reduce overall performance. We may use such investments in client's accounts where we reasonably believe the overall performance of the investment, after accounting for such charges, merits inclusion.

**Variable Annuity Fees.** Clients who elect to have advisory fees deducted directly from their Nationwide Annuity sub-accounts should be aware that the Internal Revenue Service (IRS) has taken a position in at least one private letter ruling that payments of advisory fees directly from an individual annuity (as opposed to an annuity which is part of a tax-qualified plan) do not constitute taxable distributions to the owner of the contract.

The beneficial owner of the Nationwide Annuity is responsible for additional fees associated with the underlying sub-account investments as a charge against Net Asset Value ("NAV"), as more particularly described in the Nationwide Annuity prospectus. All Nationwide charges will be deducted from the investment account, as applicable, and retained by Nationwide.

Clients should carefully review the disclosure documents of Envestnet and any Independent Manager for more information regarding total account fees, account minimums, termination, and refund policies and the negotiability of such requirements. Clients should review the total fees charged on their assets when evaluating our services.

### ***Conflicts of Interest***

In certain cases, our employees may earn commissions from the sale of insurance products. In such cases, our employees will verbally inform clients of the conflict and advise clients that they are under no obligation to purchase such products from the employee. See *Item 10 OTHER INDUSTRY AFFILIATIONS* for more information on this potential conflict of interest.

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## **FINANCIAL PLANNING/CONSULTING SERVICES FEES**

Fees for Financial Planning/Consulting Services are based on the complexity of the work as well as the employees involved. Clients fees are calculated and agreed upon in a written Agreement.

### ***Fixed Fees***

Fixed fee rates range from \$1000 to \$25,000 or more, depending on the complexity and the scope of work.

**Initial Financial/Consulting Services** are billed at a flat fee with 50% due upon engagement and 50% due upon completion of the scope of work.

**Annual Financial/Consulting Services** are billed at a flat fee, payable quarterly, in arrears.

**Investment Allocation Consulting Services** are billed at a flat fee, payable quarterly, in arrears.

#### **Hourly Fees**

Hourly fee rates range from \$100 to \$700 per hour, depending on the complexity and the scope of work. If appropriate, an estimate for total hours may be provided at the start of the work.

Capital Planning engages a third party fee-for-service billing and payment system. Clients have the option to set up accounts and payment methods. There is no additional fee charged to clients for use of this service.

From time to time, as appropriate, we may directly engage one or more third party professionals or other service providers to provide services to us relating to a particular client. Under these circumstances, we pay the third party professional's fees from the fees we receive from the client. Our fee may or may not be increased as a result of using a third party professional or other service provider.

#### **Reporting Only Services**

Fees charged are based on complexity, per account, and billed quarterly in arrears or in advance according to the written Agreement.

#### **Seminars & Webinars**

Seminars & webinars present opportunities to introduce our firm to people who may benefit from our services. We typically do not charge fees for presenting seminars and webinars. We frequently donate time and materials and may assume other expenses related to a seminar or webinar sponsored by a third party. Seminar and webinar sponsors may reimburse us for reasonable expenses.

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

We do not charge performance-based fees.

## **ITEM 7 TYPES OF CLIENTS**

Capital Planning, LLC generally provides wealth management, investment management and financial planning/consulting services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Trusts
- Estates
- Charitable Organizations
- Corporations
- Limited Liability Companies

*Minimum Account Size:* Capital Planning, LLC requires a minimum portfolio size of \$1 million, although we may aggregate related accounts for the purposes of achieving our minimum. Our minimum may be negotiable. Clients should carefully review the disclosure documents of third party sub-advisors and managers regarding account minimums and whether those account minimums are negotiable.

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

#### ***Investment Policy Committee***

Members of our Investment Policy Committee are responsible for analyzing investment opportunities, constructing CPC Models, selecting Independent Managers, and helping our clients diversify portfolios. During regularly scheduled meetings Committee members review economic cycles, market conditions, client portfolios, CPC Models, and the performance of mutual funds, ETFs, Independent Managers and other securities. We use research from multiple providers to form opinions on the economy, markets, portfolios, CPC Models, mutual funds, ETFs, Independent Managers, and other securities.

#### ***Evaluating Investment Opportunities***

Our investment recommendations include the use of mutual funds, ETFs, Independent Managers, and other securities. We evaluate the background, strategy, and performance of the investment opportunities considered for our clients. Our goal is to find investment opportunities with clear investment strategies that we believe may be successful in the future. Mutual funds, ETFs and Independent Managers are selected on the basis of their investment objectives, their style and philosophy, their track record, and their fee structure among other factors.

Our analysis is based on information obtained from research providers, investment firms, academic sources, subscription services, and interviews. We use software and other tools to analyze this information and track the performance of mutual funds, ETFs, Independent Managers, and other securities on an ongoing basis. While we believe this information is reliable, there is a risk that it may contain errors and we may rely on such erroneous information when making decisions and recommendations.

#### ***Diversifying Client Portfolios***

We may recommend clients diversify their Portfolio among different types of investment strategies depending on their goals and objectives. We may use a variety of investment strategies to work toward this diversification objective. A risk of diversifying client Portfolios among different investment strategies is that the client may have assets with a strategy that may be out of favor for a period of time. Portfolios may change over time and may no longer be appropriate for client's goals and objectives.

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### RISK OF LOSS

Capital Planning, LLC investment management strategies involve several types of risks including the risk of loss that clients should be prepared to bear. Investing with us involves risks including but not limited to: losing money; reinvesting at lower rates in the future; losing purchasing power due to inflation or currency risk; investing with an underperforming mutual fund, ETF, Independent Manager or other

securities; not being able to sell at a given moment; and not participating in other, better performing opportunities. There is also a risk that our recommendations may have different risk or return characteristics than the client desired. As with any investment, there is the risk that our timing with respect to transactions may be less than ideal or result in unfavorable tax events such as short term or long term losses and gains.

A mutual fund, ETF or Independent Manager who has been successful in the past may not be able to replicate success in the future. Past performance does not guarantee future results. Since we don't control the underlying investments in a mutual fund, ETF or Independent Manager, it is possible that a mutual fund, ETF or Independent Manager may purchase essentially the same securities that a client may already own. This overlap may reduce the benefits of diversification. There is also a risk that a mutual fund, ETF or Independent Manager may deviate from their stated investment strategy which may make the investment less suitable for a client. Please refer to ITEM 13 REVIEW OF ACCOUNTS for additional information.

## **ITEM 9 DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or the integrity of our management. We don't have any reportable disciplinary events to disclose.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

We are not affiliated, through common control, ownership, or otherwise with any other financial industry entity.

Our employees may be separately licensed as insurance agents for various insurance companies. As such, these employees may facilitate the purchase of insurance products for clients. In this case, these employees may receive separate, yet customary, compensation in their separate capacities as insurance agents. Clients should be aware that the receipt of additional compensation creates a conflict of interest. Clients are not obligated to use our employees when purchasing insurance. The implementation of recommendations is solely at the discretion of the client. These employees may spend as much as 5% of their time with these related activities.

CPC does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS & PERSONAL TRADING**

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### **CODE OF ETHICS**

We have a Code of Ethics which sets forth high ethical standards of conduct required of our employees, including compliance with applicable securities laws. Our firm and employees owe a duty of loyalty,

fairness, and good faith towards our clients and we have an obligation to adhere to the general principles and specific provisions of our Code. You may request a copy of our Code of Ethics by phone at 425-643-1800.

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## PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees do not interfere with making decisions in the best interest of our clients. Our Code provides for oversight, enforcement, and recordkeeping of employee transactions.

Our Code includes policies and procedures for the review of quarterly securities transactions as well as initial and annual securities holdings reports that must be submitted by our employees. Our Code further includes our policy prohibiting the use of material non-public information.

Our firm and employees may buy or sell securities for their own accounts that are also recommended to or owned by clients; however, a conflict may occur if an employee wishes to place a trade in the same (or related) security that a client may own or purchase. Our code prevents our firm and employees from trading securities in a manner that disadvantages clients and we review all employee transactions quarterly.

Any employee not in observance of our Code of Ethics is subject to disciplinary action and termination.

## ITEM 12 BROKERAGE PRACTICES

We require our clients to select the broker dealer for their accounts. In directing the use of a particular broker dealer, clients may not achieve the best price or lowest possible commission rates on trades since we don't aggregate orders or negotiate rates on a trade by trade basis. This practice may cost clients more money. We also require clients to use a broker dealer that is compatible with Envestnet. We reserve the right to decline acceptance of any account if we believe that the client's selection of a broker dealer may hinder our fiduciary duty or ability to service the Client. Prior to engaging CPC to provide investment management services, clients will be required to enter into a formal Investment Advisory Agreement with CPC setting forth the terms and conditions under which CPC shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. We provide clients with recommendations to help them choose a broker dealer. We generally recommend the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab). Schwab is a broker dealer member of Financial Industry Regulatory Authority, Inc. (FINRA) and Securities Investor Protection Corporation (SIPC). This broker dealer is unaffiliated with our firm. Clients are not under any obligation to use this company and should evaluate them carefully and independently. We recommend broker dealers based on many factors including the quality and cost of their services and their ability to connect electronically with Envestnet. We determine the reasonableness of a broker dealer's compensation by comparing their costs to others of similar size and service. Other factors considered may include the following: capability to execute, clear, and settle trades (buy and sell securities for your account); capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.); breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.); availability of investment research and tools that assist us in making investment decisions; pricing; reputation, financial strength, and stability; and, prior service to us and our other clients. Clients should be aware that broker dealers provide us with different levels and cost of service that may create a conflict of interest. Broker dealer services may be

contingent upon us committing a specific amount of business to the broker dealer; e.g., Schwab required that we have at least \$10 million worth of client assets maintained in accounts at Schwab for us to use their institutional platform.

Broker-dealers such as Schwab can charge transaction fees for effecting certain securities transactions (See Item 4 ADVISORY BUSINESS). These transaction fees will be payable by the client to Schwab and is in addition to CPC's investment advisory fee referenced in Item 5 FEES & COMPENSATION.

CPC shall maintain a duty to obtain best execution for such transactions when applicable. A client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction that CPC determines, in good faith, to be a reasonable transaction fee. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Although CPC will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions.

Broker dealers may offer us additional services intended to help us manage and develop our business. These may include services such as: consulting (compliance, legal, and business); practice management advice; and access to third party service providers. Broker dealers may discount or pay the costs of such third parties. Broker dealers may also provide other benefits such as educational events and occasional business entertainment for our employees. Broker-dealers also make available to us software and other technology that: provides access to client account data (such as duplicate trade confirmations and account statements); facilitates trade execution; provides pricing and other market data; facilitates payment of our fees from our clients' accounts; assists with back-office functions, recordkeeping, and client reporting. Such products or services made available to us may benefit us but may not directly benefit you or your account. These additional services and benefits may create a conflict of interest that clients should be aware of when considering our recommendations. CPC clients do not pay more for investment transactions effected and/or assets maintained at Schwab as the result of this arrangement. There is no corresponding commitment made by CPC to Schwab, or any other any entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of the above arrangement.

We have received from Schwab, certain economic benefits ("Additional Benefits") Specifically, the Additional Benefits included payment for certain technology expenses for the benefit of CPC. Schwab agreed to make payments up to \$15,000 on Capital Planning's behalf. CPC has received the full Additional Benefit and does not anticipate receiving these Additional Benefits in the future, however, CPC reserves the right to negotiate for these Additional Benefits in the future. Schwab provides the Additional Benefits to CPC in its sole discretion and at its own expense, and neither CPC nor its clients pay any fees to Schwab for the Additional Benefits. Capital Planning and Schwab have not entered into any written agreement to govern the Additional Benefits.

### ***CPC Models, CPC Custom Models & Reporting Plus***

These accounts are invested in ETFs, stocks, bonds, mutual funds, and other securities. Custodians offer two pricing models which include asset based and transaction based fees for the purchase and sale of securities. We recommend which pricing model to use based on the expected type of securities, trading volume and account size.

Under an asset based pricing arrangement, the client pays the custodian for account transaction fees based upon a percentage (%) of the market value of their account. This differs from transaction based pricing, where Client's accounts are assessed a separate transaction fee for each transaction. When we

negotiate a pricing arrangement with the account custodian, we do not receive any portion of the asset based or transaction based custodian fees. Some Client accounts may benefit from using transaction based pricing to pay for custody and trading services on a fee per transaction basis, depending on the type of securities, account size and estimated trading frequency in the account. This may result in our recommendation to use a broker-dealer (custodian) that will allow the account to be set up using transaction based pricing instead of asset based pricing.

The decision between using transaction based and asset based pricing at the custodian will be reviewed with the client and the estimated costs discussed at the time the account is established. Clients should refer to separate disclosures provided by their broker-dealer (custodian), for the costs associated with transactions of securities. Clients should be aware of the method used by the custodian to calculate fees for their accounts, transaction based or asset based, and review this annually to consider whether the fee arrangement is still appropriate for their accounts.

### ***CPC Variable Annuity Models***

These accounts are invested in variable annuity sub-accounts on the Nationwide Annuity platform ("Nationwide") which serves as the custodian for the variable annuity sub-account assets. As a result, sub-account trades are all placed through the issuer or the transfer agent for the Nationwide variable annuity. CPC will use the available annuity sub-account funds that are consistent with its strategies. Clients are not charged in connection with individual transactions in this program.

### ***Managed Programs***

Trade Away and Step Out Trades. Envestnet or Independent Managers ("Manager") may place client trade orders with a broker/dealer other than the broker-dealer selected by the client if they determine they must do so to comply with their best execution obligations. This practice is frequently referred to as "step out trading." Step out trades may be executed without additional cost, but in certain instances, the executing firm may impose a commission, markup, or markdown on the trade. If a Manager engages in a step out trade and the executing broker/dealer assesses a commission or equivalent fee on the trade, the client will incur trading costs that are in addition to the Annual and Program fees paid by the client to participate in the Program. In such cases, the net purchase or sale price reflected to the client will include the additional cost of the brokerage commissions or dealer markups/markdowns charged by the executing broker. Managers may reasonably believe that they are able to achieve better trading results by trading away. Alternatively, Managers may consider soft dollar relationships or other economic benefits received relative to their selection of executing broker-dealers.

Step out trading practices differ from Manager to Manager. Some Managers do not engage in step-out trading, while others step out transactions at no additional cost or for various additional costs.

Managers who engage in step out trades may be more costly to a client than Managers who do not engage in step out trades. Clients should review the Manager's Form ADV Part 2A Brochure, inquire about the Manager's trading practices and associated trading costs, and consider this information carefully before selecting a Manager.

CPC may allocate client assets to certain managed programs or models offered through the Envestnet platform, which programs may designate the execution of large block trades through a broker dealer, other than the client's custodian, that specializes in trading these types of securities in accordance with Envestnet's Best Execution policy and its "Mega Block" trading process. To the extent that these trades are not directed to, or executed through, Schwab's electronic trading process, Schwab may process these trades through its back office and charge a per-trade transaction fee. That is, if such trades are transmitted to your custodian in a fashion that does not qualify for electronic trade status, the custodian may charge a commission to your account at the

rate for non-electronic trades as negotiated from time to time by CPC. In such instances, clients will incur trading costs in addition to the fee paid to CPC or the sub-manager. The number of trades subject to the Mega-Block process will vary depending upon the third party programs selected by CPC and the securities held in particular models. CPC works with Schwab to determine whether such alternative trading practices materially impact the value of, or benefit to, participating in the applicable program/model. Additional information on costs associated with the execution of large block trades separate from Schwab's electronic trading process is also contained in the Envestnet Asset Management Form ADV Part 2A (<https://www.investpmc.com/ADVPart2A>). Clients should also refer to their **Envestnet Management Program Terms and Conditions and Statement of Investment Selection** for additional information on Envestnet Program trading practices. Additionally, Schwab account trade confirmations contain detailed information relative to transaction costs, to the extent that such transaction charges are incurred.

**Directed Brokerage.** CPC recommends that clients utilize the brokerage and custodial services provided by Schwab. CPC generally does not accept directed brokerage arrangements (but could make exceptions). A directed brokerage arrangement arises when a client requires that account transactions be effected through a specific broker-dealer/custodian, other than generally recommended by CPC (i.e., Schwab). In client directed arrangements, the client has negotiated terms and arrangements for their account with that broker-dealer, and CPC will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by CPC. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs CPC to effect securities transactions for the client's accounts through a specific broker-dealer, the client acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through CPC. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Order Aggregation.** Transactions for each client account generally will be effected independently, unless CPC decides to purchase or sell the same securities for several clients at approximately the same time. CPC may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among CPC's clients the differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. CPC shall not receive any additional compensation or remuneration as the result of order aggregation.

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## CONSULTING SERVICES

Consulting Services clients can choose any broker dealer they wish.

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### ACCOUNT REVIEWS

While we utilize a periodic review process, we may perform more frequent reviews due to changes in client's individual circumstances, the market, or the political and economic environment. Clients should notify us immediately of any changes in their financial situation and investment objectives or if they wish to impose or modify their investment restrictions.

Our advisors endeavor to meet with clients at least annually to review their financial status, investment objectives, account performance, and investment suitability. During these meetings we also review specific questions or concerns our clients may have. As part of this process, we review the client's information in an effort to ensure that our recommendations continue to be suitable and that the client's account is managed appropriately. If we determine that a change may be necessary, we will make appropriate recommendations to our client. More frequent reviews may be done at the client's request.

At least quarterly, advisors review investment management accounts for imbalances related to market activity, investment performance, and other factors. If we determine that an account change may be necessary, we may rebalance the account or contact client in accordance with our discretionary authority.

At least quarterly, our Investment Policy Committee reviews results of the investments, mutual funds, ETF's, Independent Managers, and other securities in our investment management accounts. As part of this process, we review the performance of mutual funds, ETFs, Independent Managers, and other securities in an effort to determine whether our investment strategies are achieving their objectives. If we determine that a change is necessary, we may increase or decrease account allocations, change mutual fund(s), ETF(s) or Independent Managers or other securities or contact the client in accordance with our discretionary authority.

#### ***Reporting Only and Consulting Services***

We review these client accounts as contracted with clients and/or as requested by client.

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### ACCOUNT REPORTING

In addition to the reports described below we may employ various tools to generate reports that help us analyze clients' information and gain an understanding of their overall situation. These reports may be provided to clients as part of our periodic review process and typically contain information regarding the client's investments, net worth, and cash flow. The reports help us evaluate our opinion regarding whether the client's objectives can be met by the client's resources and current course of action.

#### ***Investment Strategies***

We generally use Envestnet to provide daily online account access and quarterly account reports for our clients. These reports and online tools are typically designed to detail account holdings, account activity (including billing), and investment performance. Clients are also urged to compare any such reports with the statements provided by the custodian(s) that cover the same time period.

#### ***Consulting Services***

The content and frequency of reporting is individually negotiated with each client.

## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

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### CLIENT REFERRALS

We do not compensate individuals or entities for prospective Client referrals.

We may refer our clients to other professionals or firms when we believe it is in the best interest of our clients. We are under no obligation to make referrals and we provide them as a professional courtesy and to help clients toward their objectives. We do not receive any direct compensation for these referrals; however, we may receive other benefits that could be considered a form of non-cash compensation. The benefits we may receive include, but are not limited to, access to professionals for advice, speaking opportunities or reciprocal referrals from these professionals or firms. Our employees may also be invited to entertainment events or exchange de minimis gifts. This creates a conflict of interest as we have a desire to receive these referrals and other benefits from the professionals and firms. Clients, however, are under no obligation to use the services of any professional or firm we may recommend. The implementation of our recommendation is solely at the client's discretion. As these situations present conflicts of interest, we have established appropriate policies and procedures including the monitoring of gifts we give and receive to protect the interest of our clients.

We may also receive client referrals from a not-for-profit charitable institution, foundation, or other organization which may itself be a client or benefactor of our firm. As a part of our services we may, in some cases, assist clients with charitable planning where we make a recommendation for the client to include the referring organization in their planning efforts. This creates a conflict of interest as we have a desire to receive future client referrals from the referring organization. Clients, however, are under no obligation to implement any recommendation we offer. The implementation of our recommendations is solely at the client's discretion. As these situations present conflicts of interest, we have established appropriate policies and procedures including the monitoring of employee charitable gifts to protect the interest of our clients.

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### OTHER COMPENSATION

As disclosed in Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS, certain employees of our firm are separately licensed as insurance agents with unaffiliated insurance companies. We may recommend the use of these employees to clients for implementation of recommendations involving insurance products, provided that our recommendation is consistent with our fiduciary duty to our client. Any commissions or other compensation received from the implementation of such recommendations is separate and distinct from our advisory fee. Our clients are not obligated to use anyone associated with our firm to implement any recommended transactions.

Clients should be aware that lower commission costs may or may not be achieved if recommended transactions are placed through our employees in their separate capacity as insurance agents.

We receive an economic benefit from broker-dealers in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at these broker-dealers. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 BROKERAGE PRACTICES. The availability to us of such broker-dealers' products and services are not based on us giving particular investment advice, such as buying particular securities for our clients.

***Gifts to Non-Profit Organizations.*** Employees of our firm may make monetary donations or gifts to non-profit organizations. Such non-profits may provide us with seminar or webinar opportunities and prospective client referrals. As we have a continuing interest in presenting seminars or webinars and receiving client referrals, a conflict of interest would exist as a result of such gifts made by our employees. We monitor employee gifts to non-profits to ensure that any such gift is reasonable and fair in light of our fiduciary duties to our clients. See Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS for additional information.

## ITEM 15 CUSTODY

We do not have actual custody of any client's account. However, as disclosed in Item 5 FEES & COMPENSATION, we may directly debit our fees from client accounts as authorized. Under applicable regulatory interpretations, as a result of this authority, we are deemed to have custody of client assets.

As part of our billing process, the client's custodian is advised of the amount of our fee which the custodian then debits from client's account. At least quarterly, the custodian will send a statement to the client that shows all transactions in the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of this calculation, among other things. Clients should contact us directly if he/she believes that there may have been an error in the calculation of their fee, or any other information provided in their statement.

Also, as disclosed in Item 13 REVIEW OF ACCOUNTS, CPC or Envestnet may prepare and send account statements directly to our clients, as contracted for, in addition to the periodic statements that clients receive directly from their custodians. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings, and values are correct and current.

We have also received, from certain clients, standing letters of authorization that permit us to instruct the account's custodian to transfer funds to other accounts. We are deemed to have custody of those client funds where we have the ability to transfer funds to a third party. Specifically, certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from us to transfer client funds or securities to third parties. These arrangements are disclosed in *ADV Part I, Item 9*. In accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

## ITEM 16 INVESTMENT DISCRETION

### ***Managed Programs***

We request that clients give us written discretionary authority to move their assets between different Independent Managers and to hire and fire Independent Managers as we deem appropriate. We do not have discretionary authority over the securities Independent Managers select for client accounts.

Any limitations on our discretionary authority shall be included in the written authority signed by the client. Clients may amend these limitations in writing.

***CPC Models, CPC Custom Models, and Reporting Plus***

We manage these accounts on a discretionary basis, which means that we place trades in a client's account as we deem appropriate without contacting clients prior to trading. Our discretion includes the ability to determine the appropriate security and amounts to buy or sell in the client's account. Clients grant us discretionary authority in our written Wealth Management Services or Investment Management Services agreement. Clients may place reasonable limits (restrictions) on this authority and amend these limitations in writing.

**ITEM 17 VOTING CLIENT SECURITIES**

We don't vote proxies or make elections on events pertaining to client's investment assets; however, we may offer clients consulting assistance regarding proxy issues. Proxies and elections include any mergers, acquisitions, tender offers, bankruptcy proceedings or other issues. Clients maintain exclusive responsibility for voting proxies and making elections for securities they beneficially own. Clients are also responsible for instructing custodians to forward to the clients copies of all proxies and shareholder communications relating to their investment assets.

**ITEM 18 FINANCIAL INFORMATION**

We don't hold or solicit payment of fees in excess of \$1,200 per client for more than six months in advance of services rendered; therefore, we are not required to include a financial statement.

We have not been the subject of any bankruptcy petition and have no additional financial circumstances to report.

ANY QUESTIONS: Our Chief Compliance Officer, Michael D. Miller, CFP®, ChFC®, AAMS®, remains available to address any questions a client or prospective client may have regarding the above disclosures and arrangements.