



## **Foothills Financial Planning and Wealth Management, LLC**

### **Form ADV Part 2**

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This brochure provides information about the qualifications and business practices of Foothills Financial Planning. If you have any questions about the contents of this brochure, please contact us at 480-445-9072 or [Kevin@FoothillsPlanning.com](mailto:Kevin@FoothillsPlanning.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. While the firm and its personnel are registered with the State of Arizona, it does not imply a certain level of skill or training on the part of the firm or its personnel. Additional information about Foothills Financial Planning is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 2 - Material Changes**

### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### **Material Changes since the Last Update**

Foothills Financial Planning has amended its ADV in the following ways:

- We have adjusted Assets Under Management and Assets Under Advisement to account for increases since the last update.
- We have updated our fee structure since the last update.
- We have transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

### **Full Brochure Available**

The firm may at any time update this document. We will send the latest brochure or offer to send an electronic or hard copy of the updated brochure whenever changes are made.

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (480) 445-9072 or by email at [kevin@foothillsplanning.com](mailto:kevin@foothillsplanning.com).



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## Item 4 – Advisory Business

Foothills Financial Planning was launched in 2008 to provide high quality, commission-free, fiduciary financial advice and planning to people from all walks of life, without regard to minimum asset or income levels. Foothills Financial Planning is licensed with the Securities Division of the Arizona Corporation Commission. Kevin O'Reilly, CFP®, AIF® is the owner and sole principal of the firm.

We work with clients on a **fee-only** basis, meaning we do not accept commissions of any kind. We feel this is the most objective way to provide financial advice.

We typically work with ongoing clients on an **assets under management** basis. This gives many of our clients comfort that their investments are being regularly monitored.

In select circumstances, we may work with clients on a **project** basis, which is based on our hourly rate of \$300/hour.

We work with clients on a **fiduciary** basis, meaning our only loyalty is to our clients – not a brokerage firm or a mutual fund company. We feel this is the best way to provide financial advice.

Foothills Financial Planning does not participate in any wrap fee programs.

The firm provides asset management services to approximately \$84 million in client assets on a discretionary basis, and provided advice on an additional \$30 million or so in the past year.

From a process perspective, the advisor conducts an initial “Get Acquainted” meeting and gathers data to assist the client in determining specific needs, objectives, goals and tolerance for risk. This initial meeting is free of charge. After the Get Acquainted meeting, the advisor prepares an analysis of the client's current financial situation and possible future scenarios, when appropriate. Next, the advisor presents the analysis and a written summary of significant observations, assumptions and recommendations in each area the advisor was engaged to provide advice. Periodic financial reviews are conducted. Ongoing wealth management clients will receive a quarterly statement from the custodian of the funds and will be entitled to a review with advisor, either by phone or in person.



Foothills Financial Planning also offers tax preparation services to ongoing clients, as part of the overall fee.

## Item 5 – Fees and Compensation

Foothills Financial Planning is typically compensated for wealth management services based on a percentage of assets under management. In these cases, the fee will be assessed according to the following schedule. Existing clients may pay at a different rate.

| Assets under management, per client | Annual fee as a % of assets |
|-------------------------------------|-----------------------------|
| \$0 – \$2,000,000                   | .99%                        |
| \$2,000,001 – no limit              | .5%                         |

The minimum account size is \$400,000 per household. In certain circumstances, this minimum requirement may be waived.

In cases where fees are withdrawn directly from Client accounts, we will follow these steps:

- Obtain written authorization permitting Foothills Financial Planning to be paid directly for client accounts held by the custodian or trustee.
- Ensure the custodian sends quarterly statements to all clients showing all disbursements for the custodian account, including the amount of the advisory fees.

Wealth management fees will be deducted from client's accounts on a quarterly basis, in arrears, pursuant to a written agreement. The assessed fee is calculated based on the client's average total assets for the quarter. The quarterly fee for new or departing clients will be prorated based on the new contract date or date of contract termination.

Foothills Financial Planning is considered to have limited custody, due solely to the fact that fees may be withdrawn directly from the custodian. No financial requirements result from this definition of custody.

In some cases, Foothills Financial Planning may charge on an hourly or project basis. In this case, fees for financial planning are \$300 per hour. Projects spanning more than three months may be billed quarterly. Fees are not collected for services to be provided more than six



months in advance. Foothills Financial Planning does not and will not have Custody of client funds or securities.

For hourly/project engagements, Foothills Financial Planning requires a deposit for initial engagements in the amount of the lesser of \$500 or 50% of the lower end of the estimated fee range. The balance of fees due are payable immediately upon presentation of the plan or advice to Client. Services to be provided and the anticipated fee range are detailed in the written Service Agreement.

Either party may terminate an engagement upon written notice within 5 days of signing the Service Agreement, at which time no fees would be due. Should Client terminate the engagement after this date, Client is responsible and will be invoiced for any time incurred by Advisor in the preparation of their Plan. Fees may be negotiated.

Fees paid to Foothills Financial Planning for financial planning and advisory services are completely separate from the fees and expenses charged by mutual fund companies and their portfolio managers. A complete explanation of these fees and expenses are provided in each fund prospectus. Clients are encouraged to read the prospectus before investing. Client may also incur transaction costs or administration fees from broker/dealers, trust companies or other service providers. Clients are encouraged to obtain a complete schedule of these fees from the service provider prior to entering into any engagement. Foothills Financial Planning does not receive any portion of these other fees. The only compensation received by Foothills Financial Planning is paid directly by Client.

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

Foothills Financial Planning does not accept performance-based fees or other fees based on a share of capital appreciation of the assets of a client.

## **Item 7 – Types of Clients**

Foothills Financial Planning generally provides investment advice to individuals, but may also provide advice to trusts, estates, or charitable organizations, as well as corporations or other business entities.



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

Foothills Financial Planning employs a fundamental and typically long-term philosophy in investment selection and implementation strategies. Recommendations provided are based on publicly available reports, analyses, research materials, computerized asset allocation models and various subscription services. Additional sources of information such as financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases are also used. Investment strategies used to implement investment advice given to clients include long term purchases and short term purchases. Short sales and options writing may be employed.

While Foothills Financial Planning believes its strategies and investment selections are designed to potentially produce the highest possible return for a given level of risk, it cannot warrant or guarantee that an investment objective or planning goal will be achieved. Some investment decisions made by the firm and/or client may result in loss, which may include the original principal invested. The client must be able to bear the various risks involved in the investment of account assets, which may include market, currency, interest rate, liquidity, operational or political risk, among others.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9 – Disciplinary Information**

Neither Foothills Financial Planning nor any of its personnel have been the subject of a reportable legal or disciplinary event.

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

Neither Foothills Financial Planning nor any of its personnel are affiliated with or maintain a material relationship with another financial industry entity. Our policies require that we conduct business activities in a manner that avoids actual or potential conflicts of interest between the firm, personnel and the client, or that may otherwise be contrary to law. We will provide



disclosure to the client, prior to and throughout the term of an engagement, of any conflicts of interest which will or may reasonably compromise our impartiality or independence.

Foothills Financial Planning may provide referrals to other Investment Advisory firms as a service to Clients. Foothills Financial Planning does not have agreements with or receive referral fees from any other Advisors.

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

Foothills Financial Planning has adopted a code of ethics that sets forth the basic policies of ethical conduct for all associated persons of the firm. We accept the obligation not only to comply with the mandates and requirements of all applicable laws and regulation, but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. We will be happy to provide a copy of our code of ethics to any client or prospective client, upon request.

Neither Foothills Financial Planning nor any of its personnel are authorized to recommend or effect a transaction for a client involving any security in which the firm or a related party has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc. Additionally, we are prohibited from borrowing from or lending to a client, unless that client is an approved financial institution or is an immediate family member. In such instances, authorization for the loan must be granted in advance and documented in writing.

At times personnel and related parties may hold positions in investments that are also recommended to the client. These investments may be bought and sold on behalf of a client, concurrent with other clients and/or Foothills Financial Planning personnel. This may present a conflict of interest. In such cases, the securities are transacted at the same price for all parties.

We may also make recommendations or take actions with respect to investments that may differ in the nature or timing from recommendations made to, or actions taken for, other clients or personnel.

## **Item 12 – Brokerage Practices**





Foothills Financial Planning is not affiliated with any bank, custodian, or broker-dealer firm.

Foothills Financial Planning participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance, and settlement of transactions. Foothills Financial Planning receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

Foothills Financial Planning may alternatively recommend that clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Foothills Financial Planning may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Foothills Financial Planning is independently owned and operated and not affiliated with Schwab.

### **Item 13 – Review of Accounts**

Financial planning services, including investment advice, are typically provided on an ongoing basis. Periodic check-ups and reviews are recommended, and are scheduled at the Client's request. Portfolio Rebalancing is recommended in these cases if current allocation varies significantly from original mix, or if client notifies us of a requested change. Recommendations and advice are provided by Kevin O'Reilly, Principal of the firm, or Janet Gerlings.

For ongoing wealth management clients, accounts are reviewed at least quarterly by Kevin O'Reilly. More frequent reviews are triggered by news or research related to a specific holding, a change in the firm's view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector.

Accounts may also be reviewed when being considered for an additional holding or an increase in a current position. Account cash levels above that deemed appropriate for the investment environment, given the client's stated risk tolerance and objectives, may also trigger a review.



Clients will receive account statements directly from mutual fund companies and/or brokerage firms in which they hold investments. These statements are typically provided on a monthly or quarterly basis, as well as when transactions occur.

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

Foothills Financial Planning does not receive, nor does it pay, any fees for client referrals, other than as noted below.

As disclosed under Item 12 above, Foothills Financial Planning participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Foothills Financial Planning's participation in the program and the investment advice it gives to its Clients, although Foothills Financial Planning receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Foothills Financial Planning by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Foothills Financial Planning but may not benefit its Client accounts. These products and services may assist Foothills Financial Planning in managing and administering Client accounts, including account not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Foothills Financial Planning manage and further develop its business enterprise. The benefits received by Foothills Financial Planning or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Foothills Financial Planning endeavors at all times to put the interest of its clients first. Clients should be aware, however, that the receipt of economic benefits by Foothills Financial Planning or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.



Schwab provides Foothills Financial Planning with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon Foothills Financial Planning committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Foothills Financial Planning client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Foothills Financial Planning other products and services that benefit Foothills Financial Planning but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Foothills Financial Planning's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Foothills Financial Planning in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Foothills Financial Planning's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help Foothills Financial Planning manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Foothills Financial Planning. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Foothills Financial



Planning. In evaluating whether to recommend that clients custody their assets at Schwab, Foothills Financial Planning may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

The Advisor may engage independent solicitors to provide client referrals. If a client is referred to us by a solicitor, this practice is disclosed to the client in writing by the solicitor and the Advisor pays the solicitor out of its own funds—specifically, the Advisor generally pays the solicitor a portion of the advisory fees earned for managing the capital of the client or investor that was referred. The use of solicitors is strictly regulated under applicable federal and state law. The Advisor's policy is to fully comply with the requirements of Rule 206(4)-3, under the Investment Advisers Act of 1940, as amended, and similar state rules, as applicable.

## **Item 15 – Custody**

Custody of client's accounts is held primarily at the Custodian. Clients will receive account statements from the custodian and should carefully review those statements.

Foothills Financial Planning is considered to have limited custody, due solely to the fact that fees may be withdrawn directly from the custodian. No financial requirements result from this definition of custody.

## **Item 16 – Investment Discretion**

For those client accounts where Foothills Financial Planning provides ongoing supervision, Foothills Financial Planning usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Foothills Financial Planning observes the investment policies, limitations and restrictions of the clients for which it provides advice. The firm maintains limited power of authority over some client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.



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

Foothills Financial Planning will accept voting authority for client securities in certain cases. When the firm does accept voting authority for client securities, it will always seek to vote in the best interests of its clients. Foothills Financial Planning does not maintain preapproved voting guidelines but relies on the principal to determine the best course of action in voting client securities that is in the best interest of the client. Clients may direct the firm on how to vote client securities by communicating their wishes in writing or electronically. When voting client proxies the investment committee will always hold the interests of the clients above its own interests.

## **Item 18 – Financial Information**

Due to the nature of our services, an audited balance sheet is not required, nor included in this disclosure document. Foothills Financial Planning does not have any financial conditions that require further disclosure.

Foothills Financial Planning does not accept prepayment of more than \$1,200 in fees, or fees more than six months in advance.