

# **Cornerstone Planning, LLC**

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**September 23, 2021**

This Brochure provides information about the qualifications and business practices of Cornerstone Planning LLC. If you have any questions about the contents of this Brochure, please contact us at 704-849-0123 or via email at [cknight@cornerstone4planning.com](mailto:cknight@cornerstone4planning.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Cornerstone Planning LLC is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that you may use to determine whether to hire or retain them. Additional information about Cornerstone Planning LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

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Since the last annual filing, dated March 9, 2021, there have been no material changes.

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## Item 4 – Advisory Business

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Cornerstone Planning LLC, d/b/a Cornerstone Wealth Planning is a Registered Investment Adviser (“Adviser”) which offers investment advice, financial planning, and other financial services to clients. We are registered through and regulated by the U.S. Securities and Exchange Commission.

We provide investment advice through Investment Adviser Representatives (“Advisor”) associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on our behalf. In addition, all advisors are required to have a college degree, professional designation, or equivalent professional experience.

Cornerstone Planning LLC was founded in 2013 by Chris Knight who serves as a Managing Director and Chief Compliance Officer. We provide portfolio management services to individuals, high net worth individuals, and small businesses.

We are committed to the precept that by placing the client’s interests first, we will add value to the asset management process and earn the client’s trust and respect. Our goal is to touch people's lives in a way that is meaningful to them. We are committed to maintaining the highest standards of integrity and professionalism in our relationship with you, our client. We endeavor to know and understand your financial situation and provide you with only the highest quality information, services, and products to help you reach your goals. We value our long-term relationships with our clients whom we regard as strategic partners in our business.

## Services

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We provide various asset management and financial planning services, with an emphasis on portfolio analysis, design and management. Our focus is on helping you develop and execute plans that are designed to build and preserve your wealth.

As of December 31, 2020, we manage \$130,651,280 on a discretionary basis, and \$5,210,582 on a non-discretionary basis. We do not participate in any wrap fee programs.

We can manage accounts on both a nondiscretionary and discretionary basis. If you select discretionary management, this means you have given us the authority to determine the following without your consent:

- Securities to be bought or sold for your account
- Amount of securities to be bought or sold for your account
- Broker-dealer to be used for a purchase or sale of securities for your account
- Commission rates to be paid to a broker or dealer for your securities transaction

Should your accounts be managed by us on a non-discretionary basis, we will not have any authority to determine the above without your express consent.

Trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Additionally, your account may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of your initial asset

allocation. This rebalancing or reallocation will occur on the schedule we have determined together. You will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. You will have the opportunity to meet with us periodically to review the assets in your account.

## **1. Financial Planning**

We provide services such as comprehensive financial planning, hourly financial planning, consultations, ongoing financial planning retainer services, and modular financial planning. Fee based financial planning is a comprehensive relationship which incorporates many different aspects of your financial status into an overall plan that meets your goals and objectives. The financial planning relationship may consist of face-to-face meetings and ad hoc meetings with your other advisors (attorneys, accountants, etc.).

In performing financial planning services, we typically examine and analyze your overall financial situation, which may include such issues as taxes, insurance needs, overall debt, credit, business planning, retirement savings and reviewing your current investment program. Our services may focus on all or only one of these areas depending upon the scope of our engagement with you.

It is essential that you provide the information and documentation we request regarding your income, investments, taxes, insurance, estate plan, etc. We will discuss your investment objectives, needs and goals, but you are obligated to inform us of any changes. We do not verify any information obtained from you, your attorney, accountant or other professionals.

If you engage us to perform these services, you will receive a written agreement detailing the services, fees, terms and conditions of the relationship. You will also receive this Brochure. You are under no obligation to implement recommendations through us. You may implement your financial plan through any financial organization of your choice.

We obtain information from a wide variety of publicly available sources. We do not have any inside private information about any investments that are recommended. All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations.

## **2. Asset Management**

Asset management is the professional management of securities (stocks, bonds and other securities) and assets (e.g., real estate) in order to meet your specified investment goals. With an Asset Management Account, you engage us to assist you in developing a personalized asset allocation program and custom-tailored portfolio designed to meet your unique investment objectives. The investments in the portfolio account may include mutual funds, stocks, bonds, equity options, futures, etc. We do not impose a minimum dollar value on the size of account we will accept.

We will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information. Based on the information you share with us, we will analyze your situation and recommend an appropriate asset allocation or investment strategy. You will be provided with a targeted strategic allocation of assets by class, as well as our investment advice. Our recommendations and ongoing management are based upon your investment goals and objectives, risk tolerance, and discussions with you. We will monitor the account, trade as necessary, and communicate regularly with you. Your circumstances shall be monitored in at least annual account reviews. These reviews will be conducted in person, by telephone conference, and/or via a written

inquiry/questionnaire. We will work with you on an ongoing basis to evaluate your asset allocation as well as rebalance your portfolio to keep it in line with your goals as necessary.

We will:

- Review your present financial situation
- Monitor and track assets under management
- Provide portfolio statements, periodic rate of return reports, asset allocation statement, rebalanced statements as needed
- Advise on asset selection
- Determine market divisions through asset allocation models
- Provide research and information on performance and fund management changes
- Build a risk management profile for you
- Assist you in setting and monitoring goals and objectives
- Provide personal consultations as necessary upon your request or as needed

You need to notify us promptly when your financial situation, goals, objectives, or needs change.

You shall have the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction you request.

Under certain conditions, securities from outside accounts may be transferred into your advisory account; however, we may recommend that you sell any security if we believe that it is not suitable for the current recommended investment strategy. You are responsible for any taxable events in these instances.

Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is not indicative of future results.

If you decide to implement our recommendations, we will help you open a custodial account(s). The funds in your account will generally be held in a separate account, in your name, at an independent custodian, not with us. We recommend using Fidelity Brokerage Services LLC ("Fidelity") or Charles Schwab & Co., Inc. ("Schwab"); however, you may use any custodian you wish. You will enter into a separate custodial agreement with the custodian. This agreement, among other things, authorizes the custodian to take instructions from us regarding all investment decisions for your account. We will select the securities bought and sold and the amount to be bought and sold, within the parameters of the objectives and risk tolerance of your account. The custodian will affect transactions, deliver securities, make payments and do what we instruct. You are notified of any purchases or sales through trade confirmations and quarterly statements that are provided by the Custodian. These statements list the total value at the start of the quarter, itemize all transaction activity during the quarter, and list the types, amounts, and total value of securities held as of the end of the quarter. You will at all times maintain full and complete ownership rights to all assets held in your account, including the right to withdraw securities or cash, proxy voting and receiving transaction confirmations.

We will also provide you with a quarterly performance statement starting at the end of the first full calendar quarter after signing the Client Advisory Agreement. These statements give you additional feedback regarding performance,

educate you about our long-term investment philosophy, and describe any changes in current strategy and allocation along with the reasons for making these changes. The statements will also include information about how your fee is calculated.

We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

### **Third Party Money Managers**

We may determine that opening an account with a professional third-party money manager is in your best interests. We primarily use Asset Dedication, LLC to help us manage your accounts. Asset Dedication, LLC ("Asset Dedication"), an independent adviser not affiliated with Cornerstone, provides investment strategies and services to our clients, when appropriate, based on each client's individual needs.

We will describe the investment programs and strategies available from Asset Dedication that may be most beneficial and appropriate for the client. We will recommend Asset Dedication strategies only in relation to the client's stated investment objectives and risk tolerance. We will serve as the communication conduit between the client and Asset Dedication. We shall be available to answer questions that the clients may have regarding their account. Prior to the introduction of a prospective client to Asset Dedication, we collect financial and demographic information, and will assist the client in identifying their financial objectives. We will also keep the client's financial plan current so as to meet the ongoing needs of the client. In the event that the client does not timely update their financial plan we may be required to resign the agreement. Asset Dedication periodically delivers up-to-date program descriptions for use by Cornerstone. Asset Dedication will generally have discretionary authority to determine the securities to be purchased and sold for the client's accounts managed by Asset Dedication. Asset Dedication also provides operational support to Cornerstone for the efficient delivery of and reporting of portfolio management services.

Clients are advised that there may be other third-party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

Client should obtain and read Asset Dedication's Disclosure Brochure (ADV Part 2) for a complete description of their service, fee schedules and account minimums. A Disclosure Brochure will be provided to clients at the time an agreement for services is executed and account is established.

### **3. Tax Preparation Services**

We also provide tax preparation services. Tax services are typically offered to advisory clients for an additional fee separate from advisory fees. This situation creates a conflict of interest because it gives an incentive to recommend services based on the fees received. This conflict is mitigated by the fact that we have a fiduciary obligation to place the best interest of the client first and the clients are not required to utilize our tax services. Clients have the option to purchase these services through other tax professionals of their choosing.

### **4. Retirement Planning Course**

We may provide educational seminars for groups seeking general advice on retirement planning. The content of these seminars will vary depending upon the needs of the attendees. These seminars are purely educational in nature and do not involve the sale of any investment products. Information presented will not be based on any one individual person's needs, nor do we provide individualized investment advice to attendees during these seminars.

## Item 5 – Fees and Compensation

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We provide asset management and financial planning services for a fee. Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge.

You could invest in a mutual fund directly, without our services. In that case, you would not receive the services provided by us which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives.

Either party may terminate this agreement by providing thirty (30) days written notice to the other party. You will incur charges for advisory services rendered up to the point of termination and such fees will be due and payable by you promptly upon receipt of invoice.

### 1. Financial Planning/Consulting Fees

You may want us to create a financial plan or provide modular financial planning for you. We will work with you to create the plan. We can provide analysis and recommendations for retirement needs, estate planning needs, income tax planning, life and disability insurance needs, investment needs, and college education planning. You can have us create a full financial plan or select any of the individual modules.

The following fee schedule applies for financial planning services:

Type of Service	Fee
Hourly Planning / Analysis	\$250 /hour
Financial Planning Retainer	\$400-\$3,750/quarterly
Modular Planning	\$250-\$1,000
Comprehensive Financial Planning	\$1,800-\$10,000

All fees are negotiable. You may have isolated instances where you need additional assistance. The usual fee for us to provide hourly analysis, but not create a comprehensive plan, is \$200 - \$250 per hour which may be negotiable depending upon the nature and complexity of your circumstances.

An estimate for total hours will be determined at the start of the advisory relationship. We also offer financial planning on a retainer basis for a quarterly fee of \$400 - \$3,750 per quarter, billed in advance, based upon the nature and complexity of your circumstances. Cornerstone Planning LLC provides modular and comprehensive financial planning. Modular financial planning, which is comprised of portions of a comprehensive financial plan broken into modules to address your specific needs, is performed for a fixed fee of \$250 - \$1000, depending upon the nature and complexity

of the client's circumstances. Comprehensive financial plan is performed for a fixed fee of \$1,800 - \$10,000, depending upon the nature and complexity of the client's circumstances. Consultation services without a financial plan require no minimum net worth, and financial planning services require no minimum net worth.

Based upon your needs, we may also provide consultations throughout the year to advise and counsel you about other financial issues. We can help you with transition planning, major transaction analysis, coordinated with cash flow needs, retirement needs, estate planning needs, income tax planning, life and disability insurance needs, investment needs, and college education planning.

The Financial Planning Agreement will show the fee schedule you will pay. A deposit of 50% of the fee is due at the time the agreement is signed. The remainder of the fee is due upon presentation of a plan or the rendering of consulting services. Hourly fees, modular fees, retainer fees, and financial planning fees are charged in advance and are non-refundable. In the event that you cancel the financial consultation agreement, you will be responsible for the actual hours spent preparing the financial plan, up to the cancellation date, at the agreed upon hourly rate. The financial planning agreement will terminate once you receive the final plan or recommendations. Plans and/or recommendations will be presented to you within six months of the contract date, provided that all information needed to prepare the plan has been promptly provided to us.

All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations.

## 2. Asset Management Fee Schedule

We do not have a minimum opening account balance. The fee charged is based upon the amount of money you invest. Fees are charged quarterly, in advance. Payments are due and will be assessed on the last day of each quarter, based on the ending balance of the account under management for that quarter and will be calculated as follows:

Portfolio Size (AUM)	Cornerstone Advisory Fee
\$0 - \$250,000	1.25%
Over \$250,001	0.95%

For clients in which we employ Asset Dedication, LLC for investment management services, the fee is based on the ending balance of the account under management for that quarter and will be calculated as follows:

Portfolio Size (AUM)	Cornerstone Advisory Fee	Asset Dedication Advisory Fee	Total Fee
\$0 - \$250,000	1.25%	0.25%	1.50%
Over \$250,001	0.95%	0.25%	1.20%

The fees shown above are annual fees. You will be billed one quarter of this amount on a quarterly basis. No increase in the annual fee shall be effective without your prior consent. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. We believe our advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs.

Under certain circumstances, advisory fees and account minimums may be negotiable based upon prior relationships as well as related account holdings. The fees we charge can be deducted directly from your account at the custodian.



We will instruct the Custodian to deduct the fees from your account at the end of the calendar quarter. This fee will show up as a deduction on your following month's account statement from the Custodian.

Certain strategies offered by us involve investment in mutual funds. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees come from fund assets, and thus indirectly from clients' assets. We do not receive any compensation from these fees. The 12(b)(1) fee, deferred sales charges and other fee arrangements will be disclosed upon your request and are typically described in the applicable fund's prospectus.

Your account at the custodian may also be charged for certain additional assets managed for you by us but not held by the Custodian (i.e. variable annuities, mutual funds, 401(k)s).

### **3. Retirement Planning Course**

Fees for the Retirement Planning Course is generally \$49.00 per attendee, but may vary due to scope, length, and complexity of seminars. The fee will be published on the seminar announcement or invitation. We may also provide pro bono seminars at its own discretion.

## **Item 6 – Performance Based Fee and Side by Side Management**

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 – Types of Clients**

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We provide portfolio management services to individuals, high net worth individuals, and small business owners. We do not have a minimum account size requirement.

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

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The portfolio design and investment management strategies and advice we provide is based upon principals of Modern Portfolio Theory as well as fundamental analysis.

### **1. Modern Portfolio Theory (MPT)**

We use publicly available research and reports regarding individual securities, issuers, investment strategies and performance of asset classes to select the funds they will offer. They also use Modern Portfolio Theory to help them select the funds they offer. Modern Portfolio Theory was created by some of the world's leading academic economists. They conducted extensive research, demonstrating that asset class selection (such as small-cap vs. large-cap, value vs. growth and U.S. vs. international) - not stock selection or market timing - is the most important determinant of portfolio performance. They also received a Nobel Prize for revealing these four tenets:

1. Markets process information so rapidly when determining security prices, that it is extremely difficult to gain a competitive edge by taking advantage of market anomalies or inefficiencies.

2. Over time, riskier investments provide higher returns as compensation to investors for accepting greater risk.
3. Adding high-risk, low correlating asset classes to a portfolio can actually reduce volatility and increase expected rates of return.
4. Passive asset class fund portfolios can be designed to deliver over time the highest expected returns for a chosen level of risk.

Modern portfolio theory tries to understand the market as a whole, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

## **2. Fundamental Analysis**

Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

## **3. Sub-Adviser Analysis**

Sub-Adviser Analysis involves the examination of the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

## **4. Risks**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to handle. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance. For a more comprehensive description of all the risks associated with our strategies, methodology, and products please refer to the glossary under Risks.

## Item 9 – Disciplinary Information

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no information to disclose here about the firm or any of our investment advisors. We adhere to high ethical standards for all advisors and associates. We strive to do what is in your best interests.

## Item 10 – Other Financial Industry Activities and Affiliations

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Christopher Knight is licensed to sell life and health insurance and may engage in product sales with our clients, for which he will receive additional compensation. Any commissions received through life or health insurance sales do not offset advisory fees the client may pay for advisory services under Cornerstone. This activity accounts for 5% of his time.

Christopher Knight and Joel Salter are licensed as investment adviser representatives of Asset Dedication, LLC, an unaffiliated registered investment adviser. As such, in their separate capacity as investment adviser representatives, they are able to provide advisory services apart from Cornerstone, for which they will receive separate and customary compensation. Cornerstone does refer clients to Asset Dedication, LLC. While we endeavor at all times to put the interest of our clients first as part of our firm's fiduciary duty, you should be aware that the receipt of outside compensation itself creates a conflict of interest, and may affect their judgment when making recommendations.

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

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### 1. General Information

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

### 2. Participation or Interest in Client Accounts

We may recommend securities to you that we have purchased for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact

- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices
- Participating in Client accounts

You may request a copy of the firm's Code of Ethics by contacting Chris Knight.

### **3. Personal Trading**

We have established the following restrictions in order to ensure our fiduciary responsibilities to you are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of Investment Advisory Representative(s) of Cornerstone Planning LLC, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.
- Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade order (specifying each participating account) and its allocation. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.
- Some securities trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities.
- Open-end mutual funds and/or investment sub-accounts which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value. Therefore, purchases of these products by an advisor are not likely to have an impact on the prices of the fund in which you invest. These types of transactions are not prohibited and are exempt from monitoring.
- Orders may not be placed in a way which provides a benefit to the adviser for the purchase or sale of a security.

Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with our records as required.

### **4. Responsibility**

It is the responsibility of all supervisory personnel to ensure that we conduct business with the highest level of ethical standards and in keeping with our fiduciary duties to you. We must put your interests first and refrain from having outside interests that conflict with your interests.

### **5. Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

### **6. Conflicts of Interest**

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the

accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

## **7. Use of Disclaimers**

We shall not attempt to limit liability for willful misconduct or gross negligence through the use of disclaimers.

## **Item 12 – Brokerage Practices**

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Cornerstone Planning, LLC does not have any arrangements or relationships with broker-dealers, mutual funds, or other investment advisers that may create or represent a material conflict of interest for Cornerstone Planning LLC in providing our clients investment advisory services.

Transactions placed in an asset management account by a third-party manager will be executed through their broker-dealer or custodian. In determining best execution for these transactions, the third-party manager is looking at 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, commission rates, and responsiveness. While third party managers look for competitive commission rates, they may not obtain the lowest possible commission rates for account transactions.

### **1. Soft Dollars**

Cornerstone Planning, LLC currently does not receive soft dollar benefits. However, Fidelity, Schwab, and other third party managers may provide us with benefits such as 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 fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Other services may include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom Cornerstone Planning LLC may contract directly.

### **2. Brokerage for Client Referrals**

We do not receive any compensation or incentive for referring you to broker-dealers for brokerage trades.

### **3. Directed Brokerage**

Not all advisory firms require you to direct brokerage to a specific broker/dealer. We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission 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, commission rates, and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

By directing brokerage to Fidelity or Schwab, you may pay higher fees or transaction costs than those obtainable by other broker-dealers. In most cases, we believe you are paying a discounted and reasonable rate.

You may direct us in writing to use a particular broker-dealer to execute some or all of the transactions for your account. If you do so, you are responsible for negotiating the terms and arrangements for the account with that broker-dealer. We may not be able to negotiate commissions, obtain volume discounts, or best execution. In addition, under these circumstances a difference in commission charges may exist between the commissions charged to clients who direct us to use a particular broker or dealer and other clients who do not direct us to use a particular broker or dealer. You may pay higher or lower fees if you select another broker-dealer. Generally, we will not negotiate lower rates below the rates established by the executing broker-dealer for this type of directed brokerage account, unless we believe that such rate is unfair or unreasonable for the size and type of transaction.

#### **4. Aggregate (Block) Trading for Multiple Client Accounts**

Investment advisers may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. We do not engage in block trading. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy to implement all client orders on an individual basis. Therefore, we do not aggregate or “block” client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

### **Item 13 – Review of Accounts**

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#### **1. Duty to Supervise**

We are responsible for ensuring adequate supervision over the activities of all persons who act on our behalf. Specific duties include:

- Establish procedures that could be reasonably expected to prevent and detect violations of law by our advisory personnel
- Analyze operations and create a system of controls to ensure compliance with applicable securities laws
- Ensure that all advisory personnel fully understand the Company's policies and procedures
- Establish a review system designed to provide reasonable assurance that our policies and procedures are effective and being followed

#### **2. Reviews**

Reviews will be conducted by Christopher Knight, Managing Director and CCO, at least annually or as agreed to by us. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

#### **3. Reports**

You will be provided with account statements reflecting the transactions occurring in the account on at least a quarterly basis. These statements will be written or electronic depending upon what you selected when you opened

the account. You will be provided with paper confirmations for each securities transaction executed in the account. You are obligated to notify us of any discrepancies in the account(s) or any concerns you have about the account(s).

We will also provide you with statements that describe the fees charged to your account and how they were calculated. You are obligated to notify us of any discrepancies between our statements and the ones you receive from the custodian.

## Item 14 – Client Referrals and Other Compensation

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We do not receive any compensation for referring clients to another advisor nor do we pay any compensation to another advisor if they refer clients to us.

## Item 15 – Custody

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We use Fidelity or Schwab as the custodian and/or broker-dealer for all your accounts. You should receive at least quarterly statements from the broker-dealer or custodian that holds and maintains your investment assets.

We do not debit the client fees directly from your advisory account. We instruct the custodian to directly charge and debit fees from your account, which are then forwarded to us. You should receive at least quarterly statements from the custodian that holds and maintains your investment assets.

For taxable accounts, the Custodian will provide you with consolidated year-end summary statements including IRS forms 1099 and other tax-related forms, as applicable. We are not allowed to make alterations or amendments to the custodian's statement. This preserves the integrity of the Custodian's statement and provides you with an independent appraisal of the account.

**Standing Letters of Authorization:** Cornerstone Planning does maintain a standing letter of authorization (SLOA) where the funds or securities are being sent to a third party, and the following conditions are met:

- a. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- b. The client authorizes Cornerstone Planning, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- c. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- d. The client has the ability to terminate or change the instruction to the client's qualified custodian.
- e. Cornerstone Planning has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- f. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- g. Cornerstone Planning maintains records showing that the third party is not a related party of Cornerstone Planning or located at the same address as Cornerstone Planning.

## **Item 16 – Investment Discretion**

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If you elect, we will receive discretionary authority from you at the beginning of our advisory relationship to select the identity and amount of securities to be bought or sold. This information is described in the Advisory Agreement you sign with us. In all cases, however, this discretion is exercised in a manner consistent with your stated investment objectives for your account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions you have set. We require that any investment guidelines and/or restrictions you wish to place be provided to us in writing.

Should you elect not to grant us discretionary authority, we have no authority from you to select the type of securities and amount of securities to be bought or sold without your prior express consent. The Advisory Agreement details this in full.

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

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As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding your voting of proxies. We are authorized to instruct the Custodian to forward you copies of all proxies and shareholder communications relating to your account assets.

## **Item 18 – Financial Information**

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We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.

In April of 2020, as a result of the economic uncertainty regarding the COVID-19 pandemic, we applied for, and received, \$62,500 as part of the Payroll Protection Program funded through the Small Business Administration [Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)(The Payroll Protection Act rule)]. This loan is forgivable if certain criteria are met. To the extent the loan is not forgiven, the loan matures two years from the date of the loan. Interest accrues at the rate of one percent from the date of the note, but no payments are due for six months. Beginning after the first six months, the note is payable in eighteen equal monthly payments of principal and interest with the note being paid in full at the end of the twenty-fourth month.



# **Christopher Knight**

**Cornerstone Planning LLC**  
**7810 Ballantyne Commons Parkway, Suite 200**  
**Charlotte, NC 28277**  
**704-849-0123**  
**[www.cornerstone4planning.com](http://www.cornerstone4planning.com)**

**September 23, 2021**

This brochure supplement provides information about Christopher Knight and supplements the Cornerstone Planning LLC brochure. You should have received a copy of that brochure. Please contact Chris Knight if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Christopher Knight is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) using [his CRD number 5240507](#).

## Item 2 – Educational Background and Business Experience

### Education

B.S., Business Administration- Financial Concentration 2006  
University of North Carolina, Charlotte, North Carolina

### Designations

Certified Financial Planner (CFP®) 2008  
College of Financial Planning, Denver, CO

### Minimum Designation Requirements

**CERTIFIED FINANCIAL PLANNER™**, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

## **Business History**

2013 – Present                      Managing Director and CCO at Cornerstone Planning LLC

August 2007 – February 2013    Certified Financial Planner (CFP®) at Ronald Blue & Company

September 2006 – August 2007   Retirement Planning Specialist at The Vanguard Group

## **Item 3 – Disciplinary History**

Neither Chris Knight nor Cornerstone Planning LLC has disciplinary history to disclose.

## **Item 4 – Outside Business Activities**

Christopher Knight is licensed to sell life and health insurance and may engage in product sales with our clients, for which he will receive additional compensation. Any commissions received through life or health insurance sales do not offset advisory fees the client may pay for advisory services under Cornerstone. This activity accounts for 5% of his time.

Christopher Knight is licensed as an investment adviser representative of Asset Dedication, LLC, an unaffiliated registered investment adviser. As such, in his separate capacity as investment adviser representative, he is able to provide advisory services apart from Cornerstone, for which he will receive separate and customary compensation. Cornerstone does refer clients to Asset Dedication, LLC. While we endeavor at all times to put the interest of our clients first as part of our firm's fiduciary duty, you should be aware that the receipt of outside compensation itself creates a conflict of interest and may affect his judgment when making recommendations.

## **Item 5 – Additional Compensation**

Chris Knight does not receive any other compensation.

## **Item 6 – Supervision**

Chris Knight is the Chief Compliance Officer and performs all supervisory duties for the firm.

# Glossary of Key Terms

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**Advisor** – Your individual representative at Cornerstone Planning LLC

**Asset Allocation** – The process of dividing investments among different kinds of assets, such as stocks, bonds, real estate and cash, to optimize the risk/reward tradeoff based on an individual's or institutions specific situation and goals; a key concept in financial planning and money management.

**Asset-class investment portfolios** – An asset class is a grouping of similar investments whose prices tend to move together. Asset classes can be defined on a very general level, such as stocks or on a more specific level, such as American silver producing companies. The concept of asset classes is important because one of the goals when building an investment portfolio is to use different asset classes which are not correlated with each other.

## Designations

*The CFP®, CERTIFIED FINANCIAL PLANNER™* and certification marks are financial planning credentials awarded by Certified Financial Planner Board of Standards Inc. (CFP Board) to individuals who meet education, examination, and experience and ethics requirements. CFP® certificate holders are required to have 30 continuing education hours every two years. [www.cfp.net](http://www.cfp.net).

**Diversification** – a portfolio strategy designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to all move in the same direction. The goal of diversification is to reduce the risk in a portfolio. Volatility is limited by the fact that not all asset classes or industries or individual companies move up and down in value at the same time or at the same rate. Diversification reduces both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions.

**Exchange-Traded Funds (ETFs)** – A type of an investment company (either an open-end company or UIT) whose objective is to achieve the same return as a particular market index. ETFs differ from traditional open-end companies and UITs, because, pursuant to SEC exemptive orders, shares issued by ETFs trade on a secondary market and are only redeemable from the fund itself in very large blocks (blocks of 50,000 shares for example).

**Fees** – a list of all fees associated with different products we offer are listed below:

1. **12b-1 Fees** — Fees paid by the fund out of fund assets to cover the costs of marketing and selling fund shares and sometimes to cover the costs of providing shareholder services. "Distribution fees" include fees to compensate brokers and others who sell fund shares and to pay for advertising, the printing and mailing of prospectuses to new investors, and the printing and mailing of sales literature. "Shareholder Service Fees" are fees paid to persons to respond to investor inquiries and provide investors with information about their investments.
2. **Account Fee**— A fee that some funds separately impose on investors for the maintenance of their accounts. For example, accounts below a specified dollar amount may have to pay an account fee.
3. **Distribution Fees** — Fees paid out of fund assets to cover expenses for marketing and selling fund shares, including advertising costs, compensation for brokers and others who sell fund shares, and payments for printing and mailing prospectuses to new investors and sales literature prospective investors. Sometimes referred to as "12b-1 fees."
4. **Management Fee** — fee paid out of fund assets to the fund's investment adviser or its affiliates for managing the fund's portfolio, any other management fee payable to the fund's investment adviser or its affiliates, and

any administrative fee payable to the investment adviser that are not included in the "Other Expenses" category. A fund's management fee appears as a category under "Annual Fund Operating Expenses" in the Fee Table.

5. Operating Expenses — the costs a fund incurs in connection with running the fund, including management fees, distribution (12b-1) fees, and other expenses.
6. Purchase Fee — a shareholder fee that some funds charge when investors purchase mutual fund shares. Not the same as (and may be in addition to) a front-end load.
7. Redemption Fee — a shareholder fee that some funds charge when investors redeem (or sell) mutual fund shares. Redemption fees (which must be paid to the fund) are not the same as (and may be in addition to) a back-end load (which is typically paid to a broker). The SEC generally limits redemption fees to 2%.
8. Sales Charge (or "Load") — the amount that investors pay when they purchase (front-end load) or redeem (back-end load) shares in a mutual fund, similar to a commission. The SEC's rules do not limit the size of sales load a fund may charge, but FINRA rules state that mutual fund sales loads cannot exceed 8.5% and must be even lower depending on other fees and charges assessed.
9. Shareholder Service Fees — fees paid to persons to respond to investor inquiries and provide investors with information about their investments. See also "12b-1 fees."

**Investment Adviser** — generally, a person or entity who receives compensation for giving individually tailored advice to a specific person on investing in stocks, bonds, or mutual funds. Some investment advisers also manage portfolios of securities, including mutual funds.

**Investment Company** — a company (corporation, business trust, partnership, or limited liability company) that issues securities and is primarily engaged in the business of investing in securities. The three basic types of investment companies are mutual funds, closed-end funds, and unit investment trusts (UITs).

**Investment Goals** — objective or target, usually driven by specific future financial needs. Some common goals for an individual are: saving for a comfortable retirement, saving to send children to college, managing finances to enable a home purchase, minimizing taxes, and maximizing return on investments given a certain risk tolerance, and estate or trust planning.

**Investment Objectives** — The financial goal or goals of an investor. An investor may wish to maximize current income, maximize capital gains, or set a middle course of current income with some appreciation of capital. Defining investment objectives helps to determine the investments an individual should select.

**Mutual Fund** — the common name for an Open-End Investment Company (the legal name for a mutual fund and a type of investment company that continuously offers new shares for sale). Like other types of investment companies, mutual funds pool money from many investors and invest the money in stocks, bonds, short-term money-market instruments, or other securities. Mutual funds issue redeemable shares that investors purchase directly from the fund (or through a broker for the fund) instead of purchasing from investors on a secondary market.

**NAV (Net Asset Value)** — the value of the fund's assets minus its liabilities. SEC rules require funds to calculate the NAV at least once daily. To calculate the NAV per share, simply subtract the fund's liabilities from its assets and then divide the result by the number of shares outstanding.

**No-load Fund** — a fund that does not charge any type of sales load. Not every type of shareholder fee is a "sales load," and a no-load fund may charge fees that are not sales loads. No-load funds also charge operating expenses.

**Portfolio** — an individual's or entity's combined holdings of stocks, bonds, or other securities and assets.

**Prospectus** — describes the mutual fund to prospective investors. Every mutual fund has a prospectus. The prospectus contains information about the mutual fund's costs, investment objectives, risks, and performance. You can get a prospectus from the mutual fund company (through its website or by phone or mail). Your financial professional or broker can also provide you with a copy.

**Risks** — a list of all risks associated with the strategies, products and methodology we offer are listed below:

#### 1. Bond Fund Risk

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds include:

- **Call Risk** - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- **Credit Risk** — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- **Interest Rate Risk** — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- **Prepayment Risk** — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

#### 2. Mutual Funds Risk

Mutual funds can offer the advantages of diversification and professional management. But, as with other investment choices, investing in mutual funds involves risk and fees and taxes will diminish a fund's returns.

But mutual funds also have features that some clients might view as disadvantages, such as:

- **Costs despite Negative Returns** — Clients must pay sales charges, annual fees, and other expenses regardless of how the fund performs. And, depending on the timing of their investment, clients may also have to pay taxes on any capital gains distribution they receive — even if the fund went on to perform poorly after they bought shares.
- **Lack of Control** — Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.
- **Price Uncertainty** — with an individual stock, you can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling your Advisor. You can also monitor how a stock's price changes from hour to hour. But with a mutual fund, the price you purchase or redeem shares for will typically depend on the fund's NAV, which the fund might not calculate until many hours after you've placed your order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

The following is a list of some general risks associated with investing in mutual funds.

- Country Risk - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- Currency Risk -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- Income Risk - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- Industry Risk - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- Inflation Risk - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
- Manager Risk -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- Market Risk -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- Principal Risk -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

### 3. Overall Fund Risk

- Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.
- Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

### 4. Stock Fund Risk

Although a stock fund's value can rise and fall quickly over the short term, historically stocks have performed better over the long term than other types of investments — including corporate bonds, government bonds, and treasury securities.

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

Not all stock funds are the same. For example:

- Growth funds focus on stocks that may not pay a regular dividend but have the potential for large capital gains.
- Income funds invest in stocks that pay regular dividends.
- Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Index, by investing in all — or perhaps a representative sample — of the companies included in an index.
- Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks.

**Risk Tolerance** — the extent to which an investor is willing to accept more risk in exchange for the possibility of a higher return. An investor with a high risk tolerance is likely to invest in securities, such as stocks in startup companies, and is willing to accept the possibility that the value of his/her portfolio will decline, at least in the short-term. An investor with a low risk tolerance, on the other hand, tends to invest predominantly in stable stocks and/or highly-graded bonds. One's risk tolerance is subjective and may vary according to age, needs, goals, and even personal dispositions