

FIRM BROCHURE PER SEC FORM ADV PART 2A FOR:

**PERSONAL FINANCIAL MANAGEMENT**

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**DECEMBER 31, 2022**

THIS ANNUAL UPDATE AMENDS THE PRIOR BROCHURE FILING OF DECEMBER 31, 2021 TO  
UPDATE ASSETS UNDER MANAGEMENT

This brochure is required by the United States Securities and Exchange Commission (SEC). It provides information about the business practices of Personal Financial Management. If you have any questions about its content, please contact us at 619-435-1600. The information in the brochure has not been approved or verified by the SEC or by any state securities authority.

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## ADVISORY BUSINESS

Personal Financial Management's main business is to provide comprehensive, fee-only financial planning to high-net-worth individuals. Planning areas include investments, income tax, business, retirement, insurance and estate. The firm has been in business since December 1992, under the same, 100% owner, John David Brennan. The firm constructs and maintains a unique database of information on each client, provides written plans based on the database, and provides ongoing financial counseling in each of the above areas. Fees are charged for financial planning and investment advice. As of December 31, 2022, the firm manages \$308,149,634 of client assets on a discretionary basis and \$132,656,792 on a non-discretionary basis.

## FEES AND COMPENSATION

The firm charges fixed fees for the preparation of written financial plans and ongoing financial-planning advice. The fees are negotiable in the range of \$5,000 to \$20,000 or more for the first year, depending on the complexity of the client's financial situation. For the first year, one half of the fee is due at the time of the initial data-gathering interview; the remaining one half is due less than six months later, at the presentation of the first written plan. In subsequent years, the fee is negotiable as a percentage of the first year's fee, again depending on the complexity of the client's financial situation. Ongoing fees are paid semi-annually, less than six months in advance. Any pre-paid fees are refunded on a pro-rata basis, in the event of a cancellation. Over 68% of the firm's annual revenue is generated by financial-planning fees. The firm also manages client accounts for a percentage of assets under management. Asset management fees are negotiable in the range of 0.10% to 1.00%, depending on account size, and are paid in arrears. Less than 32% of the firm's annual revenue is generated by asset management fees. All fees are deducted from assets or billed directly, at the client's option.

Clients are free to implement the firm's investment advice at any broker. If a client wants a recommendation, the firm will do so based on the broker's skills, costs, reputation, dependability, and compatibility with the client, and never upon a financial arrangement between the firm and the recommended broker. Personal Financial Management has arrangements with several brokerage firms which provide us with "institutional platform services". These relationships are described more fully in a later section entitled Brokerage Practices. Clients may pay custodial fees, commissions or other charges to these firms. Personal Financial Management does not share in any of these charges.

Clients may purchase mutual funds directly through Personal Financial Management or through their broker on our advice. Personal Financial Management generally recommends "no-load" mutual funds. As stated in the prospectus of each one of those funds, the fund charges account holders management and administration fees. Personal Financial Management does not receive any payments in the form of sales charges or ongoing mutual fund management fees from any mutual fund company or brokerage firm. Clients of Personal Financial Management pay us only a semi-annual financial planning fee and/or an asset management fee.

## PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Not applicable

## TYPES OF CLIENTS

Personal Financial Management provides investment advice primarily to high-net-worth individuals, but also to individuals and to charitable organizations established by clients. There is no minimum to open an investment account, but the firm generally requires a net worth of at least \$5 million for financial-planning services.

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

Personal Financial Management pursues fundamental and technical security analysis through financial newspapers and magazines; research materials prepared by others; annual reports, prospectuses, and filings with the SEC; company press releases; and corporate rating services - all in support of diversified, long-term investment strategies. Personal Financial Management does not offer investment strategies based on short-term purchases, trading, short sales, margin transactions or option writing. The primary goal is preservation and enhancement of net worth over the long term, not short-term gains. Our primary investment vehicle is mutual funds, which carry the risk of principal loss in the underlying investments of stocks and bonds. We try to minimize losses through diversification among asset classes and within asset classes. However, clients and prospective clients should be aware that there is no guarantee that they will not lose money if they invest with Personal Financial Management.

## DISCIPLINARY INFORMATION

Not applicable

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Not applicable

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Personal Financial Management maintains an Investment Adviser Code of Ethics pursuant to Rule 204A-1 of the Investment Advisers Act of 1940 to prevent conflicts of interest between clients and employees of Personal Financial Management. A copy of the Code of Ethics will be provided to any client or prospective client on request.

On occasion, the owner and employees of Personal Financial Management may buy or sell securities that are recommended to clients. There is no conflict of interest, as the securities are publicly traded and widely held.

## BROKERAGE PRACTICES

When a client wishes to implement Personal Financial Management's investment advice, he is free to choose any broker that he wishes, and is so informed. If the client wants Personal Financial Management to recommend a broker, the firm will make a recommendation based on the broker's

skills, costs, reputation, dependability, and compatibility with the client, and never upon a financial arrangement between Personal Financial Management and the recommended broker.

Personal Financial Management has arrangements with Charles Schwab, Fidelity Brokerage Services and TD Ameritrade through which those firms provide Personal Financial Management with “institutional platform services” for the majority of the \$308,149,634 of client assets that Personal Financial Management manages on a discretionary basis. Personal Financial Management is independently operated and owned and is not affiliated with Charles Schwab, Fidelity or TD Ameritrade. The institutional platform services that these firms provide include brokerage, custody and other related services. The services assist Personal Financial Management in managing and administering client accounts with software and other technology that: (1) provide access to client account data; (2) facilitate trade execution; (3) provide research, pricing and other market data; (4) facilitate payment of fees from client accounts; and (5) assist with back-office functions, recordkeeping and client reporting.

These firms generally do not charge advisor clients such as Personal Financial Management for custody services, but they are compensated by client account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab, Fidelity and TD Ameritrade or securities trades that settle into accounts at these firms, i.e., transaction fees are charged for certain no-load mutual funds, and commissions are charged for individual equity and debt securities transactions. These firms provide access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The brokerage and research products and services that Charles Schwab, Fidelity and TD Ameritrade provide to Personal Financial Management qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934, which provides a safe harbor to money managers who use the commission dollars of their advised accounts to obtain investment research and brokerage services. In recommending any broker, Personal Financial Management does not have any interest in receiving client referrals, nor does Personal Financial Management routinely recommend, request or require that a client execute transactions through a specified broker-dealer. Personal Financial Management primarily recommends open-end, no-load mutual funds and therefore does not normally aggregate orders for the purchase or sale of securities. When other securities are purchased or sold, Personal Financial Management will aggregate orders for the benefit of client accounts included in such purchases or sales.

## REVIEW OF ACCOUNTS

There are different levels and frequency of reviews. Money-management accounts are reviewed daily, while financial-planning accounts are reviewed semi-annually. The calendar is the triggering factor. The owner reviews all client accounts on a portfolio-analysis basis. Money-management accounts receive a quarterly portfolio analysis while financial-planning accounts receive a semi-annual review of all assets, liabilities, income and expenses.

## CLIENT REFERRALS AND OTHER COMPENSATION

Not applicable

## CUSTODY

Personal Financial Management does not have custody of client funds or client securities pursuant to Rules 204-2 and 206(4)-2 under the Investment Advisers Act of 1940. Money-management accounts of Personal Financial Management receive monthly account statements from the qualified custodians (see Brokerage Practices on page 4). Account balances shown on semi-annual financial planning reports provided to clients by Personal Financial Management are taken from the latest monthly account statements provided by the custodians. The monthly account statements should be reviewed very carefully by clients and compared to any financial reports prepared by Personal Financial Management.

## INVESTMENT DISCRETION

Personal Financial Management manages \$308,149,634 of client assets on a discretionary basis. The client grants to Personal Financial Management a limited power of attorney to execute trades in the client account in the account-opening document with a qualified custodian. The client has the option to authorize the deduction of fees from the account in the account-opening document. Other than the client-authorized deduction of fees, Personal Financial Management does not have the authority to withdraw client funds and securities from any account and does not have authority to invest in margin trading or short selling.

## VOTING CLIENT SECURITIES

Personal Financial Management does not accept authority to vote client securities unless specifically directed by clients on an individual-transaction basis. Clients will receive their proxies or other solicitations directly from their custodians or a transfer agent and are free to contact Personal Financial Management to discuss a particular solicitation that they receive.

## FINANCIAL INFORMATION

Since Personal Financial Management does not have custody of client funds or securities and does not charge any fees six months or more in advance, no financial statements are required as part of this brochure. However, Personal Financial Management has discretionary authority over \$392,268,421 of client assets and does charge financial-planning fees in advance. The sole owner of Personal Financial Management is not aware of any financial condition that is likely to impair his ability to meet contractual commitments to financial-planning and asset-management clients.

## EDUCATION AND BUSINESS BACKGROUND OF SOLE OWNER

John David Brennan was born on December 26, 1943. He has a BA degree in Anthropology from Brown University, 1965; an MBA in Finance from New York University Graduate School of Business, 1974; an APC in Federal Taxation from New York University Graduate School of Business, 1982. For the past 30 years he has been a fee-only financial planner and investment advisor through sole ownership of Personal Financial Management. Prior to founding Personal Financial Management, he spent 11 years with E.F. Hutton as a Senior Financial Advisor in their Personal Financial Planning Division counseling high-net-worth individuals across the United States in the areas of investments, income tax, business, retirement, insurance and estate planning.

BROCHURE SUPPLEMENT PER SEC FOR PART 2B OF FORM ADV FOR:

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This brochure supplement is required by the United States Securities and Exchange Commission (SEC). It provides information about Bradley J. Vollstedt that supplements the Personal Financial Management brochure. You should have received a copy of that brochure. Please contact us at 619-435-1600 if you did not receive PFM's brochure or if you have any questions about the content of this supplement. The information in the brochure supplement has not been approved or verified by the SEC or by any state securities authority.

#### EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE OF BRADLEY J. VOLLSTEDT

Bradley J. Vollstedt was born on December 5, 1971. He graduated from the University of North Carolina at Wilmington with a Bachelor of Science degree in Finance, Cum Laude, in 1997. From May of 1999 through July of 2007 he was employed by Personal Financial Management as an assistant to the owner, during which time he assisted in all office functions of administering and managing the financial planning practice. From 2007 through January of 2009 he was a self-employed investment adviser of La Jolla Financial Management which he founded. From February through September of 2009 he was employed as a financial planning assistant for Elizabeth Ruch, Financial Planner in San Diego. From September of 2009 through March of 2011 he was employed as a financial planning assistant with HK Financial in San Diego. He rejoined Personal Financial Management as a financial planner on April 1, 2011.