



# INVESTMENTS & FINANCIAL PLANNING, LLC

1795 Alysheba Way  
Suite 7104  
Lexington, KY 40509

**Telephone: 859-543-8188**  
**Facsimile: 859-543-8242**

[www.investfp.com](http://www.investfp.com)

**February 20, 2024**

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

This brochure provides information about the qualifications and business practices of Investments & Financial Planning, LLC. If you have any questions about the contents of this brochure, contact us at 859-543-8188. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Investments & Financial Planning, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our searchable SEC/IARD # is 164333.

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

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes. Currently, our Brochure maybe requested by contacting David B. Short, Chief Compliance Officer at (859)543-8188.

Since the filing of our last updating amendment, dated September 5, 2023, we have the following material change to report:

- Item 7 has been updated to clarify language recommending termination of accounts that become too small for Investments & Financial Planning, LLC to manage effectively.
- Item 10 was amended to enumerate each type of other financial industry activities that Investments & Financial Planning, LLC is not involved,

### **Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor (“DOL”) Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL’s Prohibited Transaction Exemption 2020-02 (“PTE 2020-02”) where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

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## **Item 4 Advisory Business**

### **Description of Firm**

Investments & Financial Planning, LLC is a registered investment adviser based in Lexington, Kentucky. We are organized as a limited liability company ("LLC") under the laws of the State of Kentucky. We have been providing investment advisory services since June 28, 2012. We are owned by David Short and J. Eric Mullins.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Investments & Financial Planning, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### **Description of Services Offered**

We offer portfolio management and financial planning services to our clients. This Part 2A disclosure document is tailored to advisory services that are not part of our firm's Wrap Fee Portfolio Management Program. If you are a prospective client of our Wrap Fee Portfolio Management Program, we will deliver our Form ADV Part 2A Appendix 1 disclosure document to you.

### **Portfolio Management Services**

Our firm has an agreement to establish advisory accounts directly through American Funds Distributors, Inc.'s platform ("American Funds") (d/b/a "Capital Group"), a directly held mutual fund company. These advisory accounts are managed on a discretionary basis based on our clients' individual needs, goals and investment objectives. Through American Funds, we have access to a family of mutual funds with varying degrees of risk and investment objectives in order to create a customized and diversified portfolio for you.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific mutual fund(s), and the amount of the mutual fund(s) to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. The requested restrictions must be reasonable and will require our approval in order to ensure we can facilitate the restriction through the mutual fund family offerings.

### **Pontera**

We use a third-party platform to facilitate management of held away assets such as defined contribution plan participant accounts, HSAs, and other assets with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, we will review the current account allocations. When deemed necessary, we will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. Client account(s) will be reviewed at least annually, and allocation changes will be made as deemed necessary.

### **Financial Planning Services**

We offer financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative or single subject planning. If you retain

our firm for financial planning services, we gather required information through in-depth, personal interviews. Information gathered includes your current financial status, future goals, attitudes towards risk and other relevant information. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will create financial plan designed to help you achieve your stated financial goals and objectives. Depending on the terms of our agreement, we may deliver a written plan to you.

In general, the financial plan may address some or all of the following areas, although, this list is not all inclusive:

- Personal: family records, budgeting, personal liability, estate information and financial goals.
- Tax and Cash Flow: Income tax and spending analysis and planning for the past, current and future years. We illustrate the impact of various investments on the client's or clients' current income tax and future tax liability
- Death and Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help the clients achieve their retirement objectives.
- Investments: Analysis of investment alternatives and their effects on client portfolios.

Our single subject planning services cover areas of concern such as estate planning, retirement planning, or other specific topic. We also provide specific consultative and/or administrative services regarding investment and financial concerns of the client. Additionally, we provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice and may be generic in nature.

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

You are under no obligation to act on our financial planning or consulting recommendations and we recommend that you work closely with your attorney, accountant, insurance agent, and/or other financial professionals. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm. If you choose to implement the plan through our firm, we reserve the right to determine whether the financial planning fees will be waived or offset by advisory fees and/or additional compensation earned in the implementation process. The scope and complexity of the financial planning services that were provided may determine the waiver or offset of the fee.

### **Wrap Fee Programs**

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

To participate in our wrap program, transactions for your wrap account must be executed by Charles Schwab & Co., a registered securities broker-dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of our wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our

investment strategies and the brokerage commissions charged by or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, see *Appendix 1* to this Brochure.

### **Types of Investments**

We primarily offer advice on no-load mutual funds and exchange traded funds ("ETFs"). Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

### **Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Assets Under Management**

As of December 31, 2023, we provide continuous management services for \$241,444,815 in client assets on a discretionary basis and \$0 on non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our annual fee for portfolio management services is up to 1.00% of the market value of your assets under our management. These fees are negotiable, depending on individual client circumstances. Since the assets will be held directly with the mutual fund company, all assets in each of your account(s) are included in the fee assessment. The mutual fund share class we use through American Funds does not include 12b-1 fees. You will, however, be required to pay standard custodial and account maintenance fees, please refer to American Funds account opening paperwork for additional information.

Our annual portfolio management fee is calculated quarterly on the last business day of February, May, August,

and November. The fee is calculated by American Funds based on the average daily net assets value (“NAV”) of assets invested during the quarter. Fees are billed and payable quarterly in arrears in the months of March, June, September, and December. For example, the fee for the period covering December, January and February will be calculated on the last business day of February. You will be billed and the fee will be deducted from your account in the first week of March. American Funds is responsible for billing and deducting the quarterly fee from your account and will pay our firm directly.

You may terminate the portfolio management agreement upon written notice to our firm. You will incur a pro-rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. Please refer to American Funds’ agreement for information on how to terminate the account directly with American Funds.

### **Pontera**

When advising individuals on employee benefit plans pursuant to ERISA, we will utilize a platform called Pontera. Pontera will directly charge us for use of their platform. Fees paid by us to Pontera do not increase your management fee. Your normal advisory fee for the accounts held at Pontera will be billed and payable monthly in advance, based on the previous month's average daily balance.

As it is impossible to directly debit your asset-based advisory fees from qualified accounts (as defined below in Item 15, Custody), those fees will be assigned to the client’s nonqualified and/or IRA accounts as determined with Adviser upon engagement of this service. If the client does not have a non-qualified or IRA account, those fees will be billed directly to the client. Upon cancellation of services provided by Adviser, client will receive a pro-rata refund for the amount of days left in the billing cycle. If there are insufficient funds available in another account or if we believe that deducting the fee from another account would be prohibited by applicable law, we will invoice you.

### **Financial Planning Services**

Financial planning services are provided for either an agreed upon fixed or hourly rate, ranging from \$1,000 to \$3,000 for fixed fees and \$150 to \$300 per hour. We also offer advice through our single subject planning services at the same hourly rate. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives.

An estimate of the total time/cost will be determined at the start of the advisory relationship. Typically, our financial planning or hourly consulting fees are due at the inception of the advisory relationship, unless otherwise agreed to in writing. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

We offer ongoing financial planning and consulting services which will be billed at periodic intervals as agreed to in the financial planning and consulting agreement. For one-time or ongoing services, we accept several payment methods including but limited to: credit cards, checks, AdvicePay, or direct debiting of a brokerage account. When directly debiting advisory fees from your account through the qualified custodian holding your funds and securities, we will only do so when following the requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian; and
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts disbursed from your account including the amount of the advisory fee paid directly to our firm.

We have contracted with a company named AdvicePay to offer billing services to credit cards, debit cards or checking accounts without accepting custody of client funds. This service will enhance the opportunity for both



project based and subscription based financial planning and consulting services with electronic payment processing. Subscription based fee services automatically renew one year from the date of Client's signature unless cancelled by written notice prior to that date.

You may terminate the financial planning agreement by providing written notice to our firm. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. If financial consulting fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial planning and consulting agreement.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have a financial incentive to recommend insurance products to you. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm. Additionally, persons providing investment advice on behalf of our firm are fiduciaries and are obligated to act in the clients' best interests at all times.

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

We do not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, including high net worth individuals, and charitable organizations.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we will recommend terminating your account with us if we believe your account is too small to be managed by us effectively.

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

### **Our Methods of Analysis and Investment Strategies**

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



Technical Analysis – involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

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 and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Risk: 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.

Long-Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost – “locking-up” assets that may be better utilized in the short-term in other investments.

Short-Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

### **Tax Considerations**

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

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out (“FIFO”) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the

right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

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

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

Liquidity Risk: The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

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

We primarily recommend mutual funds and exchange traded funds ("ETFs"). However, we may advise on other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

Mutual Funds and Exchange Traded Funds: Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The

returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are “no load” and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be “closed end” or “open end”. So-called “open end” mutual funds continue to allow in new investors indefinitely whereas “closed end” funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF’s performance to match that of the its underlying index or other benchmark, which may negatively affect the ETF’s performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their underlying indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its underlying index, or its weighting of investment exposure to such securities may vary from that of the underlying index. Some ETFs may invest in securities or financial instruments that are not included in the underlying index, but which are expected to yield similar performance.

Money Market Funds: A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission (“SEC”) notes that “While investor losses in money market funds have been rare, they are possible.” In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation (“FDIC”) insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tend to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client’s evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

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

We are not registered and do not have an application pending to register, as a broker dealer and its management persons are not registered as broker/dealer representative. We and our management persons are not registered and do not have application pending to register, as a futures commission merchant, commodity pool operator/advisor. We do not recommend or select other investment advisers for our clients.

### **Licensed Insurance Agents**

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

## **Item 11 Code of Ethics**

### **Description of Our Code of Ethics**

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

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

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

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

### **Personal Trading Practices**

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

## **Item 12 Brokerage Practices**

We typically recommend Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian.

Investments & Financial Planning, LLC is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as a custodian, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

### **Products and services available to the Firm from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. Schwab provides Investments & Financial Planning, LLC and our clients with access to institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services described below are generally available on an unsolicited basis (i.e., we do not have to request them) and at no charge to us. Here is a more detailed description of Schwab's support services:

#### *Services that Benefit Clients Directly*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit each client.

### *Services that May Not Directly Benefit Clients*

Schwab also makes available to us other products and services that benefit us but may not directly benefit a specific client. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as trade confirmations and account statements);
- Facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- Provides pricing and other market data;
- Facilitates payment of our fees from our clients' accounts; and
- Assists with back-office functions, recordkeeping and client reporting.

### *Services that Generally Benefit Only Us*

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include (among others) the following:

- Educational conferences and events
- Technology, compliance, legal, and business consulting
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants and insurance providers

Schwab will provide some of these services itself or will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of the services described above from Schwab benefits us because we do not have to produce or purchase them. They are not contingent upon Investments & Financial Planning, LLC committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as a custodian and broker is in the best interest of our clients. Our selection is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that benefit only us.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

### **Brokerage for Client Referrals**

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

### **Directed Brokerage**

We routinely require that you direct our firm to execute transactions through Charles Schwab & Co. for our Wrap Fee Program. Accounts held directly through American Funds Distributors, Inc. ("American Funds") must be executed through American Funds. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another

broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage through a particular custodian.

### **Aggregated Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "aggregated trading") because we invest solely in mutual funds through this Brochure.

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

## **Item 13 Review of Accounts**

### **Review of Accounts**

The Investment Adviser Representative(s) assigned to your account(s) will monitor your account(s) on an ongoing basis and will conduct account reviews at least annually, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to: contributions and withdrawals, year-end tax planning, market moving events, security specific events, and/or, changes in your risk/return objectives.

We will not provide you with regular written reports. However, we will provide performance reports upon your request or as otherwise agreed to in the advisory agreement. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### **Financial Planning Reviews**

The Investment Adviser Representative(s) assigned to your relationship will review financial plans as needed, depending on the arrangements made with you at the inception of your advisory relationship to ensure that the planning advice is consistent with your stated investment needs and objectives. We recommend that your plan is reviewed annually to determine whether any updates may be needed based on changes in your circumstances. Please contact us at the telephone number on the cover page of this brochure to schedule a review. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss, and/or disability, among others. Additional reviews will be conducted upon your request. Such reviews and updates may be subject to our then current hourly rate or require a new fixed fee agreement depending on the complexity and scope of the plan. We will not provide written updates to the plan unless specifically contracted to do so. If you implement financial planning advice, you will receive trade confirmations and monthly or quarterly statements from relevant custodians, if applicable.

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

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

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



Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## **Item 15 Custody**

Your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

Certain client accounts subject to our firm's services may be held at a custodian that is not directly accessible by us ("qualified accounts"). We may, but are not required to, manage these qualified accounts using the Pontera, allowing us to view and manage these assets. To manage qualified assets, you must agree to the Pontera End User Terms and Conditions and Privacy Policy and must further agree to promptly respond to Pontera requests to update usernames and password information for qualified accounts. You also must agree to promptly address any requests to update its login credentials when requested by the Pontera system. In the event of any delay by you to update your login credentials, you must acknowledge in your agreement that we will not have access to view or manage your qualified account, which may result in investment losses. We will not be responsible for any losses arising from your delays in updating its login credentials through the Pontera system. We will be under no obligation to credit any fees for valuations made in good faith during periods when we did not have access to any qualified account in calculating its fees under the investment management agreement.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.

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

## **Item 17 Voting Client Securities**

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

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



## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you and we have not been the subject of a bankruptcy proceeding.

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

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

## **Item 20 Additional Information**

### **Your Privacy**

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

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

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

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

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

### **Class Action Lawsuits**

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

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will

manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

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

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

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

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

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a

rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.