

# Financial Planning Associates, LLC

## Firm Brochure – Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Financial Planning Associates, LLC. If you have any questions about the contents of this brochure, please contact us at (914) 997-9229 x13 or by email at [ttaddeo@fpassociatesllc.com](mailto:ttaddeo@fpassociatesllc.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.*

*Additional information about Financial Planning Associates, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Financial Planning Associates, LLC's CRD number is: 159404*

399 Knollwood Road, Suite 113  
White Plains, New York, 10603  
(914) 997-9229 x13  
[ttaddeo@fpassociatesllc.com](mailto:ttaddeo@fpassociatesllc.com)

*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

There are no material changes in this brochure from the last annual updating amendment of Financial Planning Associates, LLC, on March 13, 2019. Material changes relate to Financial Planning Associates, LLC's policies, practices, or conflicts of interests only.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Financial Planning Associates, LLC is a Limited Liability Company organized in the state of New York. This firm was formed in December of 2011, and the principal owner is Antonio A. Taddeo.

### B. Types of Advisory Services

Financial Planning Associates, LLC (hereinafter "FPA") offers the following services to advisory clients:

#### *Investment Supervisory Services*

FPA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. FPA creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

FPA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. FPA will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### *Selection of Other Advisors*

FPA may direct clients to third party money managers. FPA will be compensated via a fee share from the advisors to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, FPA will always ensure those other advisors are properly licensed or registered as an investment advisor. The third party manager will be determined based on the client's investment goals, time horizon, risk tolerance, and investment objectives. The shared fee will not result in a higher management fee being paid by the client.

## *Financial Planning*

Financial plans and financial planning services may include but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on hourly and fixed fees, and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

## *Services Limited to Specific Types of Investments*

FPA generally limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, REITs, insurance products, including annuities and government securities. FPA may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

FPA offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client's financial planning questionnaire which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may not impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. FPA DOES NOT participate in any wrap fee programs.

## **E. Amounts Under Management**

FPA has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$66,281,744		12/31/2019

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
\$1 - \$500,000	1.25%
\$500,001 - \$1,500,000	1.00%
\$1,500,001 - \$3,000,000	0.75%
Above \$3,000,000	Negotiable

These fees are negotiable depending upon the needs of the client and the complexity of the situation, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Depending on the FPA representative the account is with, fees are paid quarterly in advance or in arrears, and clients may terminate their contracts with thirty days' written notice.

Refunds are given on a prorated basis based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for a full refund, within 5 business days of signing the advisory contract.

Advisory fees are withdrawn directly from the client's accounts with client written authorization. In cases where Advisor fees are directly deducted, Advisor is required to a.) Obtain client authorization, b.) Disclose that the custodian will send quarterly invoices to the client wherein Advisor fees are itemized.

#### *Selection of Other Advisors Fees*

FPA will direct clients to third party money managers. FPA will be compensated via a fee share from the advisors to which it directs those clients. This relationship will be disclosed in each contract between FPA and each third party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. The fee schedule is as follows:



<b>AUM</b>	<b>FPA's Fee</b>	<b>Third Party's Fee</b>	<b>Total Fee</b>
\$1 - \$1,000,000	1.00%	0.45%	1.45%
\$1,000,001 - \$3,000,000	0.75%	0.40%	1.15%
\$3,000,001 - \$5,000,000	Negotiable	0.35%	Negotiable
Above \$5,000,000	Negotiable	0.25%	Negotiable

These fees are negotiable depending upon the needs of the client and the complexity of the situation. Fees are paid quarterly in advance, and clients may terminate their contracts with ten days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination.

Currently, FPA directs clients to third party money manager Assetmark, Inc. (CRD# 109018).

FPA directs clients to third party money manager The Pacific Financial Group's (CRD# 105203).

<b>Assets Under Management</b>	<b>Indirect/Internal Annual management Fees:</b>
\$0 and Up	Up to 1.00% charged to Pacific Financial Mutual Funds

Maximum annual fees

<b>Assets Under Management:</b>	<b>Direct Management Fees up to:</b>	<b>Managed fees charged to funds:</b>
\$0 to \$500,000	1.00%	1.00%
\$500,001 to \$3,000,000	0.75%	1.00%
\$3,000,001 to \$5,000,000	0.533%	1.00%
\$5,000,001 to \$10,000,000	0.433%	1.00%
\$10,000,001 and up	Subject to negotiation	1.00%

## ***Financial Planning Fees***

### ***Fixed Fees***

Depending upon the complexity of the situation, and the needs of the client, the rate for creating client financial plans is between \$400 and \$3,500. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. The fees are not negotiable, and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract. The fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

## *Hourly Fees*

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$100 and \$350. The fees are not negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without penalty within five business days of signing the advisory contract. The fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

## **B. Payment of Fees**

### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Depending on the FPA representative the account is with, fees are paid quarterly in advance or in arrears.

### *Payment of Selection of Other Advisors Fees*

Selection of Other Advisors fees is withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

### *Payment of Financial Planning Fees*

Hourly Financial Planning fees are paid via check in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

Fixed Financial Planning fees are paid via check in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by FPA. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

FPA collects some fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the

total days during the billing period. Fees will be returned within fourteen days to the client via check.

The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither FPA nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

FPA does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

FPA generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Small Business

### ***Minimum Account Size***

There is an account minimum of \$250,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

FPA's methods of analysis include fundamental analysis and technical analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

### *Investment Strategies*

FPA uses long term trading and short term trading.

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

## **B. Material Risks Involved**

### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns, and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

### *Investment Strategies*

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

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

## **C. Risks of Specific Securities Utilized**

FPA generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it may utilize short term trading which generally holds a greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower

investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firm in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**Real Estate** funds face several kinds of risks that are inherent in this sector of the market. Liquidity risk, market risk, and interest rate risk are just some of the factors that can influence the gain or loss that is passed on to the investor. Liquidity and market risk tend to have a greater effect on funds that are more growth-oriented, as the sale of appreciated properties depends upon market demand. Conversely, interest rate risk impacts the amount of dividend income that is paid by income-oriented funds.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risks that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither FPA nor its representatives are registered as or have pending applications to become, a broker/ dealer or a representative of a broker/ dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither FPA nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Antonio A. Taddeo is a licensed insurance agent and the owner/general partner of a rental property T&J Investment Company LLC. Financial Planning Associates, LLC always acts in the best interest of the client; including the sale of commissionable insurance products to advisory clients. Clients are in no way required to utilize the services of any representative of Financial Planning Associates, LLC in the individual's outside capacities.

Stephen T. Gillingham is a licensed insurance agent. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission. Financial Planning Associates, LLC always acts in the best interest of the client; including the sale of commissionable products to advisory clients.

Clients are in no way required to utilize the services of any representative of Financial Planning Associates, LLC in such an individual's outside capacities.

#### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

FPA will direct clients to third party money managers. FPA will be compensated via a fee share from the advisors to which it directs those clients. This relationship will be disclosed in each contract between FPA and each third party advisor. FPA will always act in the best interests of the client, including when determining which third party manager to recommend to clients. FPA will ensure that all recommended advisors or managers are licensed or notice filed in the states in which FPA is recommending them to clients. Currently, FPA directs clients to third party money manager Assetmark, Inc. (CRD#109018) and The Pacific Financial Group (CRD#105203).

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

#### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts, and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

FPA does not recommend that clients buy or sell any security in which a related person to FPA or FPA has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of FPA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of FPA to buy or sell the same securities before or after recommending the same securities to clients. FPA will always document any transactions that could be construed as conflicts of interest.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

Please see Item 11C above.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodians, Schwab Institutional, a division of Charles Schwab & Co., Inc., (CRD# 5393), AssetMark (CRD# 109018), and The Pacific Financial Group (CRD#105203), were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. FPA will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

### **1. *Research and Other Soft-Dollar Benefits***

FPA does not have any traditional "soft dollar" arrangements in place, in which FPA agrees to direct a certain amount of commission dollars to a specific broker-dealer in exchange for research or other services. FPA does receive research, products, or other services from its custodians or another third-party in connection with client securities transactions. There is no minimum client number or dollar number that FPA must meet in order to receive these services from these custodians. There is no incentive for FPA to direct clients to these particular custodians over other custodians who offer the same services. However, because FPA does not have to produce or pay for services or products it has an incentive to choose a custodian that provides those services based on its interests rather than the clients' interests. The first consideration when recommending custodians or broker-dealers to clients is best execution. FPA always acts in the best interest of the client.

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

FPA receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

FPA will not allow clients to direct FPA to use a specific broker-dealer to execute transactions. Clients must use FPA recommended custodian (broker-dealer). Not all investment advisers require their clients to direct brokerage.



## **B. Aggregating (Block) Trading for Multiple Client Accounts**

FPA maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing FPA the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least annually by each account representative. All FPA representatives are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by each FPA representative. There is only one level of review and that is the total review conducted to create the financial plan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in the client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

Clients are provided with a one-time financial plan concerning their financial situation. After the presentation of the plan, clients may request additional plans or reports for a fee.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

FPA does not receive any economic benefit, directly or indirectly from any third party for advice rendered to FPA clients.

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

FPA does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

FPA, with client written authority, has limited custody of client's assets through direct fee deduction of FPA's Fees only. If the client chooses to be billed directly by Schwab Institutional, a division of Charles Schwab & Co., Inc., (CRD# 5393), AssetMark (CRD# 109018) or The Pacific Financial Group (CRD#105203), FPA would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

For those client accounts where FPA provides ongoing supervision, the client has given FPA written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides FPA discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

## **Item 17: Voting Client Securities (Proxy Voting)**

FPA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

FPA does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

**B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither FPA nor its management has any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

**C. Bankruptcy Petitions in Previous Ten Years**

FPA has not been the subject of a bankruptcy petition in the last ten years.