



**DATE:**       **October 2014**

**TO:**         **Clients of Asset Planning Corporation**

**FROM:**      **Paul K. Fain, III, CFP®, President**

Asset Planning Corporation (APC) is registered with the Securities and Exchange Commission (SEC) as a Registered Investment Advisor (RIA). This registration provides one of the main regulatory frameworks within which APC operates.

Under current regulations, we are required to submit a brochure to the SEC that is written in “plain English” describing our background and business practices. Additionally, a copy of this brochure is required to be delivered at least annually to our clients.

For your information, our most recent brochure is hereby provided.



## Form ADV Part 2A Investment Advisor Brochure

### *Cover Page*

Name of Registered Investment Advisor	Asset Planning Corporation
Address	234 S. Peters Road, Suite 102 Knoxville, TN 37923
Phone Number	(888) 690-1231
Website Address	<a href="http://www.assetplanningcorp.com">www.assetplanningcorp.com</a>
E-mail Address	<a href="mailto:info@assetplanningcorp.com">info@assetplanningcorp.com</a>
Date of Last Revision	October 2, 2014

This brochure gives information about the qualifications and business practices of Asset Planning Corporation. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about our firm is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Material Changes*

There have been no material changes since the previous revision in March 2013.

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## ***Advisory Business***

### **Advisory Firm**

Asset Planning Corporation (“APC”) was founded by P. Kemp Fain, Jr. and has been providing independent investment advisory services since 1975. Paul K. Fain, III is the President and principal owner and has been in the financial services industry since 1988.

The following pages describe APC’s services, fee arrangements, and business practices.

### **Advisory Services**

Wealth management is a process designed to help you determine your financial goals and the strategies that will increase the likelihood of reaching those goals. APC’s wealth management service includes both personal financial planning and portfolio management.

The steps in the financial planning process are:

1. Establishing and defining the client-adviser relationship.
2. Gathering client data, including goals.
3. Analyzing and evaluating your financial status.
4. Developing and presenting financial planning recommendations and/or alternatives.
5. Implementing the financial planning recommendations (portfolio management).
6. Monitoring the financial planning recommendations.

Financial planning may focus on areas including investment strategy, financial independence (retirement), education funding, insurance, taxes, and estate planning.

The objective of portfolio management is to maximize the rate of return consistent with your financial goals and risk tolerance. As a result of successful planning, many people accumulate portfolios of assets, which require time and expertise to manage. Many investors lack the time required to efficiently manage their assets. Portfolio management provides ongoing, professional supervision of your investment assets. Also, clients find it convenient to have a third party keep records and manage their investments for them. You specify your risk tolerance level. APC reviews managed portfolios at least quarterly and we make any needed changes to rebalance to the target asset allocation and/or to ensure best execution on a discretionary basis. Discretion means that we place trades without prior approval from you.

APC will contact or attempt to contact you at least annually to review your financial plan and portfolio. It is your responsibility to notify APC at any time there are changes in your financial situation or life matters. You may contact APC as needed to discuss your account, financial situation, or investment needs.

APC currently recommends Charles Schwab as the primary asset record-keeper and custodian for managed accounts. You will receive from the custodian timely confirmations and monthly statements containing a description of all transactions and all account activity. You will retain rights of ownership of all securities and funds in the account to the same extent as if you held the securities and funds outside APC’s portfolio management service. In addition to custodial statements, APC sends quarterly performance reports to you.

As of December 31, 2013 APC has \$157,667,021 of assets under management on a discretionary basis, and \$3,069,689 of assets under management on a non-discretionary basis.

APC offers advisory services to employer retirement plans and educational workshops for businesses and associations.

APC offers a foundational planning service for younger individuals and families, which includes budgeting and savings recommendations, goal setting and general investment guidelines. APC may also offer consultative planning services at our discretion.

**APC occasionally holds client seminars and workshops.** These seminars may include presentations on various investment topics or on financial planning strategies. Generally, there is not a fee to attend.

## ***Fees and Compensation***

### **Fees for wealth management services:**

- **Annual Fees:** Fees are calculated and billed following the end of each calendar quarter. The first billing is calculated on a prorated basis starting from the date of the services agreement (the inception date).

<b>Assets Under Management</b>	<b>Annual Rate (%)</b>
Up to \$1,000,000	0.90%
\$1,000,001 to \$3,000,000	0.60%
\$3,000,000 and up	0.30%

The Advisor generally requires a minimum annual fee of \$4,000 for wealth management services. These fees are for wealth management and advisory services and incidental planning only and do not include any transaction fees which may be charged separately by the broker/dealer custodial firm or management fees paid by mutual funds for fund management. Mutual funds recommended under APC advisory services will be “no-load” or “load-waived.” See the section heading Brokerage Practices for more information.

For APC’s wealth management service, each quarterly fee is calculated on the value of the portfolio as of the last business day of the preceding quarter. The first quarterly fee will be adjusted pro rata based on the inception date of asset management. Portfolio management fees are **not** pre-paid. APC may offer to waive minimum fees in certain circumstances, at our discretion.

Payment of fees may be paid directly by you, or you may authorize the custodian holding client assets to deduct APC advisory fees direct from the account in accordance with billing information prepared and submitted to the custodian by APC. The custodian will provide periodic account statements to you. Such statements will reflect all fee withdrawals by APC. It is your responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated. APC will also send a billing statement to you showing how the fee is calculated.

The Agreement for portfolio management services will continue until either APC or you gives notice of termination. APC requests 30 days written notice. If the effective date of termination occurs prior to the end of a calendar quarter, you will be invoiced for fees due on a prorated basis.

### **Fees for financial planning services:**

Fees are billed following delivery of the written plan to you or upon conclusion of the consultation.

- Young Investors Foundation Plan     \$500
- Consulting services are offered at APC's discretion at a rate of \$150 per hour.

Fees are not negotiable, however planning services may be provided to APC employees and family at no charge.

The Agreement for financial planning services terminates after delivery of the plan and payment of the fee. The Agreement for hourly consulting services terminates upon delivery of the service.

### **Fees for other services:**

APC may provide customized services and negotiated fees for ERISA plans, non-profit organizations and foundations, and services may be provided to APC employees and family at no charge. APC may offer to waive minimum fees in certain circumstances, at our discretion. Otherwise, fees are not negotiable.

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

APC does **not** charge performance-based fees (fees based on a share of capital gains on or capital appreciation in your account.)

### ***Types of Clients***

APC provides wealth management services to individuals, pension and profit sharing plans and other ERISA accounts, trusts, estates, business entities, and non-profit organizations.

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

APC uses strategic asset allocation strategies for portfolio management, based on principals of diversification. Our primary investment tools are no-load mutual funds and ETFs (exchange traded funds). From time to time, CD's or individual bonds may also be used for a portion of a portfolio's cash and fixed income allocation.

APC selects and evaluates mutual funds based on their people, process, performance, and cost. Once selected, a manager is allowed periods of under-performance if they remain consistent to their philosophy and process. They may be replaced immediately if their implementation strays significantly from the stated philosophy or process. Evaluation of managers entails a detailed review of all available pertinent information, including fundamental and cyclical analyses. Performance is measured against appropriate benchmarks, not broad market indices.

By its nature, financial planning is looking to the long-term. After your short-term cash needs and emergency fund are evaluated, investment strategies are designed to help you achieve your long term financial goals.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for you will result in your goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, you should read the prospectus in full.

### ***Disciplinary Information***

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. APC does not have any disclosure items.

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

Investment adviser representatives of APC may hold life, health, and disability insurance licenses with the State of Tennessee primarily for the purpose of using the John Hancock 401(k) retirement plan group annuity contract. When recommended to a client, APC receives an asset-based fee from John Hancock. If client insurance needs are discovered during the financial planning process, the client is referred to an unrelated, independent insurance broker for potential implementation of those recommendations.

### ***Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading***

#### *Code of Ethics*

APC maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that may arise from personal trading by advisory personnel. The Code of Ethics is based on ethical conduct premised on fundamental principles of openness, integrity, honesty, loyalty, professionalism and trust. Clients and prospective clients may request a copy of the Code of Ethics.

#### *Personal Trading*

At times, APC and/or its employees may take positions in the same securities as clients, and we will try to avoid conflicts with clients. APC and its access persons will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate the Advisor's fiduciary responsibilities to our clients. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur, disclosure will be made to you at the time of trading. Incidental trading not deemed to be a conflict would not be disclosed at the time of trading.

### ***Brokerage Practices***

#### *Selection or recommendation of broker/dealers*

APC generally recommends that clients custody their assets with Charles Schwab & Co., and Schwab is APC's primary asset custodian. When considering a custodian to recommend for client assets, APC considers a number of factors, including, for example, the financial stability and reputation of the broker, the quality of the account services support, the quality of the investment research, transaction costs, investment strategies, settlement, custody, record keeping, and other services which benefit all clients.

APC is independently owned and operated and not affiliated with Schwab. We do not receive any consideration for recommending their services. Clients may pay transaction fees to Schwab for the purchase of certain investment products, and these fees are in addition to fees charged by APC for their advisory services.

### Soft Dollar Practices

Schwab provides APC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon the firm committing to Schwab any specific amount of business (assets in custody or trading commissions).

Schwab's brokerage services include trade execution, duplicate statements, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For APC's client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to APC other products and services that benefit the firm but may not directly benefit APC's clients' accounts. Many of these products and services may be used to service all or some substantial number of APC's accounts, including accounts not maintained at Schwab. Schwab's products and services that assist APC in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution; (iii) provide research, pricing and other market data; (iv) facilitate payment of APC's management fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help APC manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to APC. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to APC. Schwab may also provide other benefits such as educational events or occasional business entertainment of the firm's personnel. Although APC may receive some economic benefit from Schwab due to this institutional relationship, it does not rise to the level of a traditional soft dollar arrangement.

In evaluating whether to recommend that clients custody their assets at Schwab, APC may take into account the availability of some of the above products and services as part of the total mix of factors it



considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### Trade Aggregation

APC provides individual investment advice to each client portfolio, primarily using mutual funds, and therefore, does not combine client transactions in block trades in the normal course of our trading process.

### ***Review of Accounts***

Paul Fain or advisers supervised by Paul Fain perform all client reviews. All clients are clients of APC. When APC has prepared a written analysis for you, the analysis is delivered to you by secure internet or traditional mail. All wealth management clients are contacted at least annually to schedule a review meeting.

Portfolios are reviewed at least quarterly or when economic or market conditions so dictate. The economy, the markets and recommended investments are reviewed regularly. Portfolios are reviewed for asset allocation and suitability of securities relative to client investment objectives. All portfolio management clients complete an Investment Policy Statement to guide the process.

APC sends quarterly reports to wealth management clients summarizing the cash flows in and out of the account, portfolio time-weighted rates of return, list of investments, and an asset allocation analysis. Additional commentary or other supplementary materials may also be included. Financial planning clients receive written planning analysis and a summary based on the specific service. All APC clients are also eligible to receive a general bi-monthly electronic newsletter for no additional fee.

### ***Client Referrals & Other Compensation***

#### Referral Fees Paid

APC does not give compensation for client referrals.

#### Referral Fees Received

APC does not have agreements with other Registered Investment Advisors and does not receive any compensation for recommending other Advisors to clients.

#### Commissions

APC continues to receive trail commissions from historical insurance product sales.

### ***Custody***

APC is deemed to have custody of client funds solely because of the management fee deduction authority granted by you in the custodial account document.

Clients will receive account statements monthly from their chosen custodian. You are urged to compare custodial account statements against statements prepared by APC for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

### ***Investment Discretion***

Wealth management clients give APC discretionary trading, fee payment and disbursement authorization as part of the custodian account application. If you accept our recommendation, you designate that Charles Schwab is to be used for trading and custodial services as part of the account application. APC may “trade away” for individual bond transactions in order to seek best execution. The bonds will be custodied at Schwab under an institutional brokerage arrangement. These authorizations will be stopped upon the termination of the client service agreement.

### ***Voting Client Securities***

APC does not vote proxies. It is your responsibility to vote proxies. You are informed within the service agreement that it is your responsibility to vote proxies. You will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page of this brochure.

### ***Financial Information***

An investment advisor must provide financial information if a threshold of fee prepayments is met; there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the past ten years. APC does not have any disclosure items in this section.



## Form ADV Part 2B Group Brochure Supplement

Effective Date: October 10, 2014

### *Cover Page*

Investment Advisory Representatives	Paul K. Fain III, Suzanne W. Himes, Kristine P. Davenport
Date of Last Revision	October 2014

Name of Registered Investment Advisor	Asset Planning Corporation (APC)
Address	234 S. Peters Road, Suite 102, Knoxville, TN 37923
Phone Number	865-690-1231
Website Address	<a href="http://www.assetplanningcorp.com">www.assetplanningcorp.com</a>

This Brochure Supplement provides information about APC's advisory representatives that supplements the APC brochure. You should have received a copy of that brochure. Please contact Paul Fain, Chief Compliance Officer, if you did not receive APC's brochure or if you have any questions about the contents of this supplement.

## **Paul K. Fain, III, CFP®**

### ***Educational Background and Business Experience***

Name: Paul K. Fain, III, CFP®

Year of Birth: 1962

Education: University of Tennessee, Knoxville, Tennessee  
B.S., Education, 1985  
Ohio University, Athens, Ohio  
Master of Sports Administration, 1987

Business: Asset Planning Corporation, Knoxville, TN  
Marketing Director  
1988 - 1990  
VP, Marketing  
1990 - 1992  
President, IA Representative  
1992 - Present

CFP® - Certified Financial Planner is issued by the Certified Financial Planner Board of Standards, Inc. Candidates must meet the following requirements:

- Complete CFP® education program or fulfillment by other specified credential
- Bachelor's degree (or higher) from an accredited college or university
- Pass CFP® certification exam
- 3 years of full-time personal financial planning experience
- Continuing education requirement of 30 hours every 2 years

### ***Disciplinary Information***

An investment advisor and its supervised persons must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of the IA Rep. Paul Fain does not have any disclosure items.

### ***Other Business Activities***

Paul Fain holds life, health, and disability insurance licenses with the State of Tennessee for the purpose of using the John Hancock 401(k) retirement plan group annuity contract. When recommended to a client, the firm receives an asset-based commission from John Hancock. Paul Fain holds a State of Tennessee real estate license and is the general partner of one land partnership. The partners are not advisory clients of the firm.

### ***Additional Compensation***

Paul Fain may receive additional compensation from his other business activities, which are described above.

### ***Supervision***

Paul Fain is the President and Chief Compliance Officer. As such, he oversees all investment advice provided to clients.

**Suzanne W. Himes, CFP®**

***Educational Background and Business Experience***

Name: Suzanne W. Himes, CFP®

Year of Birth: 1965

Education: University of Texas, Austin, Texas  
B.B.A., Accounting, 1987

Business: Asset Planning Corporation, Knoxville, TN  
Administrative Assistant  
1999 - 2001  
Portfolio Administrator  
2001 – 2008  
Portfolio Administrator, IA Representative  
2008 - 2010  
Associate Adviser, IA Representative  
2010 – 08/2014  
Lead Planner, IA Representative  
08/2014 to Present

CFP® - Certified Financial Planner is issued by the Certified Financial Planner Board of Standards, Inc. Candidates must meet the following requirements:

- Complete CFP® education program or fulfillment by other specified credential
- Bachelor's degree (or higher) from an accredited college or university
- Pass CFP® certification exam
- 3 years of full-time personal financial planning experience
- Continuing education requirement of 30 hours every 2 years

***Disciplinary Information***

An investment advisor and its supervised persons must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of the IA Rep. Suzanne Himes does not have any disclosure items.

***Other Business Activities***

Suzanne Himes does not have any disclosure items.

***Additional Compensation***

Suzanne Himes does not have any disclosure items.

***Supervision***

Suzanne Himes provides investment advice under the supervision of Paul K. Fain, III, who monitors portfolios for investment objectives and other supervisory reviews. Paul K. Fain, III is the President and Chief Compliance Officer. Paul Fain may be contacted at the phone number as shown on the cover page.

## **Kristine P. Davenport**

### ***Educational Background and Business Experience***

Name: Kristine P. Davenport

Year of Birth: 1989

Education: University of Tennessee  
B.S., Business Administration, 2012

Business: Asset Planning Corporation, Knoxville, TN  
Associate Adviser, IA Representative, 03/2014 – Present  
Regions Financial Corporation  
Financial Services Representative, 09/2013 – 03/2014  
BPV Capital Management  
Marketing Communications Associate, 02/2013 – 08/2013  
CirrusPath, Account Executive  
08/2012 – 02/2013  
Not employed, 2009 – 07/2012

### ***Disciplinary Information***

An investment advisor and its supervised persons must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of the IA Rep. Kristine Davenport does not have any disclosure items.

### ***Other Business Activities***

Kristine Davenport does not have any disclosure items.

### ***Additional Compensation***

Kristine Davenport does not have any disclosure items.

### ***Supervision***

Kristine Davenport provides investment advice under the supervision of Paul K. Fain, III, who monitors portfolios for investment objectives and other supervisory reviews. Paul K. Fain, III is the President and Chief Compliance Officer. Paul Fain may be contacted at the phone number as shown on the cover page.