

# Financial Planning Associates, Inc. Client Engagement Agreement

*This agreement is entered into by and between*

**Financial Planning Associates, Inc.**

300 Ozark Trail Drive, Suite 215

Ellisville, MO 63011

*(Hereinafter also be referred to as "Adviser" or "we" or "us")*

*and*

**[%household.name%]**

**[%client.address%]**

*(Hereinafter the person(s) identified above will be referred to as "Client", or "you".)*

## **Intent**

*The Client engages the Adviser to provide, and the Adviser agrees to provide one or more of the services itemized below for which the Client will pay the stated fees. While the Adviser's fees are negotiable, the values and details stated here are the final values and details agreed to by the Client and the Adviser.*

*In most cases new clients choose personal financial planning services and investment management services, however choosing both is not required.*

*In all cases and at all times the Adviser accepts and is held to a fiduciary relationship with the Client.*

## **Summaries of Services and Fees**

### **I. PERSONAL FINANCIAL PLANNING (PFP)**

*The Client employs the Adviser as financial adviser to assist in preparing a personal financial plan on terms and conditions listed below. Personal financial planning is an ongoing service recommended for all of our clients. In the performance of this service, we seek a complete understanding of your situation in order to provide complete answers to your questions regarding cash flows, employee benefits, retirement, risk management, insurance, investments, taxation, estate planning, etc.*

*We use the latest and best technological tools to model and analyze the results of choices faced by our clients.*

*Our experience and tools can give you a more secure today and a more confident tomorrow.*

*SERVICES: We agree to appraise your financial situation and make recommendations for the accomplishment of your objectives. The financial analysis will consider one or more of the following elements: current position, cash flow, education funding, retirement planning, income tax planning, estate planning, risk management, insurance, and other specified financial concerns.*

*INFORMATION: You agree to furnish all relevant information concerning your financial situation, and our recommendations will be based on the information you have provided as well as any additional information known to us. You and we agree to share equal responsibility for initiating and completing the annual reviews.*

*PROCEDURES: You shall always be at liberty to follow or disregard, wholly or partially, any information, recommendations or advice given by us. You will make and be fully responsible for all decisions relating to the advice given. You are free to select any person, firm or company you prefer for implementation of the ideas and recommendations made in the analysis.*

*FEES: The fee for the first 12 months is \$1,980, which can be paid in 12 automatic monthly bank drafts of \$165. There is no interest or carrying charge imposed for monthly payments. We recommend and will assume that your intent is to continue receiving our financial planning services indefinitely in which case your monthly cost will usually change at beginning of each 12-month renewal period. We estimate that beginning in the 13th month the ongoing monthly bank draft amount will be reduced to \$65 (\$780/yr.) with inflation increases for each 12-month period thereafter. If you wish to cancel our services, you can notify us by email, phone or US mail. You will be responsible for the remaining payments during the then current 12-month period.*

*ANNUAL REVIEW: It is important that your financial plan be reviewed and revised annually. If your circumstances change substantively prior to your scheduled annual review, you can email a question or schedule a special review. It is our policy to not impose additional charges for questions or special reviews, however if we deem it necessary, we will inform you prior to imposing any additional charge.*

## II. INVESTMENT MANAGEMENT (IM)

The Client employs the Adviser as investment adviser, to continuously supervise the investment and reinvestment of those assets which the Client hereby puts under the Adviser's management (hereafter referred to as the "Account"), on the terms and conditions below.

The purpose of investment management is to further the Client's investment objectives.

**INVESTMENT AND MANAGEMENT AUTHORITY:** We will supervise and direct the investment of the Account, as agent. In fulfillment of our duties to you we may buy, sell or exchange between, and otherwise trade in any security that we believe will support your investment goals. We may place orders for the execution of such transactions with or through such brokers, dealers or issuers as we may select. In most cases we will use Charles Schwab and Company to provide custody of and trading services for the Account. We will not take possession of your securities or other assets. We will manage the account on a discretionary basis in accordance with your investment objectives.

**FEES:** We will draw a quarterly investment management fee from the Account as shown on the schedule below. The fee is payable in advance for the coming calendar quarter or portion of a quarter and is computed and deducted from the Account on or about the first day of each calendar quarter. The amount of the fee is based on the aggregate value of the Account at the end of the preceding calendar quarter. A prorated fee is charged for additions to the Account between quarterly fee payment dates, and prorated fee refunds are credited to the Account for distributions from the Account between quarterly fee payment dates. Prorated fees and refunds are collected or dispersed on or about the next billing date, generally within five business days. The fees set forth above are to compensate us for our services and are in addition to other costs associated with the acquisition, disposition, or ownership of investment assets. The fee schedule is subject to change upon 30 days prior written notice to you.

**FEE SCHEDULE:** The following fee schedule will apply to investments managed by us:

Value of the Account	Per Quarter	Per Year	Aggregate Per Year
First \$500,000	0.2500%	1.00%	1.00%
Next \$250,000	0.1875%	0.75%	<1.00%
Next \$250,000	0.0875%	0.35%	<0.9167%
Next \$1,000,000	0.0625%	0.25%	<0.7750%
Next \$1,000,000	0.0075%	0.03%	<0.4413%
Next \$1,000,000+	0.0075%	0.03%	<0.3042%

**RISK OF INVESTMENT:** You understand that there are risks inherent in every investment. It is our intent to manage those risks appropriately. We cannot assure that your objectives will be met. Our investment recommendations and decisions are based on your current situation, resources, and goals in addition to our current expectations of the behavior of the securities included in the portfolio. Your situation and goals will change over time, as will reasonable performance projections. More suitable securities may become available. Your situation should be re-evaluated annually to confirm that your strategic plan is appropriate, and you should inform us whenever substantial changes in your goals or situation take place. The performance of the securities selected for your portfolio will be monitored on an ongoing basis. Periods of underperformance are not unusual or alarming for a security or an asset class. At times, the overperformance of some securities and underperformance of others may result in the need to rebalance your portfolio to maintain an appropriate level of risk. To the extent possible we will avoid the sale of assets where such sale would result in taxable gains, however at times taxable gains may be unavoidable in the interest of minimizing portfolio losses or participating in anticipated gains. We will continuously monitor and adjust your holdings to the best of our ability in order to implement your strategy. At times our actions may diverge from the stated plan if we consider those actions to be in your interest. **We will in all instances and at all times operate solely to further your objectives.**

**CONSIDERATIONS REGARDING QUALIFIED PLAN ROLLOVERS:** In most cases, upon retiring from employment we recommend that our clients transfer their qualified plan assets to Charles Schwab & Co. as custodian under our management. The following points should be considered:

- **Early Distributions:** If you require "early distributions" from your account, it may be beneficial to leave the assets with your employer temporarily in order to invoke the "rule of 55". Alternatively, you could take "72(t)" distributions from your rollover account.
- **Creditor Protections:** Most states, including Missouri provide creditor protections to rollover IRA and Roth accounts. If our client has other tax-deferred accounts at Schwab we recommend rollovers be held separately for additional security.
- **Charles Schwab & Co:** As of September 2024, Schwab has \$9.92 trillion under management, which is more than Fidelity, Vanguard, Merrill Lynch, and J. P. Morgan.
- **Asset types:** Schwab can provide custody for a vast range of assets and asset types including stocks, bonds, ETFs, mutual funds, CDs, indexed CDs, REITS, structured products, options, etc., etc.
- **Transaction costs:** Most transactions in Schwab accounts are commission-free.
- **Account insurance:** Schwab accounts are insured by the FDIC and SIPC.

### **III. HOURLY ADVICE**

*The Client employs the Adviser to provide information and/or opinions on one or two specific questions which can be answered without having a full understanding of your situation. The Adviser's fee for this service is \$250 per hour or portion of an hour.*

## COMMON PROVISIONS

**CONFIDENTIAL RELATIONSHIP:** All information and advice furnished by either party to the other hereunder, including their respective agents and employees, shall be treated as confidential and shall not be disclosed to third parties, except as required by law, or as permitted in writing by both parties, or as required to maintain certain technical capabilities of the Adviser for the benefit of the Client, or as specifically excepted in this document. See below.

**CONFLICTS AMONG CLIENTS / SPOUSES:** Where we provide services to two or more individuals (Ex: husband and wife), recommendations will be based on the specific goals stated by you (both) and will assume that the relationship between the individuals will continue. You (both) agree to hold us harmless concerning any conflicts of interest between you and any adverse effect which results from a change in your relationship.

**RIGHT OF RESCISSION:** You shall have five business days from the execution date of this Agreement to unconditionally rescind this Agreement and receive a full refund of fees collected hereunder. Upon receipt of notification from you by means of email, telephone or US mail within said five business days, we will provide a full refund within five additional business days.

**TERMINATION:** Once this agreement has been in force for five business days, it may be terminated by you or us by sending written notice (email or US mail) to the other party. The effective date of termination shall be the date of receipt of the written notice by the other party. Investment Management fees for the quarter in which termination of this Agreement occurs shall be payable as stated in INVESTMENT MANAGEMENT (IM) / FEES. Personal financial planning fees will be due from you as stated in PERSONAL FINANCIAL PLANNING (PFP) / FEES. Hourly advice fees payable by you will be based on actual time expended by us on your behalf as stated in HOURLY ADVICE.

**ACCOUNTING AND LEGAL ADVICE:** It is understood and agreed that the Adviser and its employees are not qualified to and will not render any legal or accounting advice, nor prepare any legal or accounting documents for the implementation of the Client's financial and investment plan. The Client agrees that his personal attorney and/or accountant solely shall be responsible for the rendering and/or preparation of the following: (i) all legal and accounting advice; (ii) all legal and accounting opinions and determinations, and (iii) all legal and accounting documents.

**ELECTRONIC DELIVERY AND COLLECTION:** The Client consents to electronic delivery of required disclosure documents and other communications by the Adviser. Such consent will remain effective unless revoked by the Client, in writing. The Adviser will transmit information by email in text, PDF, or other formats that can be readily viewed, printed, and saved. The Client has provided the Adviser with one or more valid email addresses that the Adviser may use to communicate with the Client. The Client may revoke its consent to receive communications electronically at any time by notifying the Adviser.

**RECEIPT OF FORM ADV PART II (Brochure) AND PRIVACY POLICY:** You acknowledge by the signature(s) affixed below that you have been informed of the availability of the Adviser's Brochure (Form ADV, Part II) and Privacy Policy as filed with the Missouri Secretary of State, Securities Division and links to these documents which are continuously available at [www.fpai.net](http://www.fpai.net).

**ARBITRATION:** Client and Adviser agree that all controversies between the parties concerning any transaction or the construction, performance or breach of this or any agreement between us, whether entered prior, on, or after the date hereof, shall be determined by arbitration. You understand that this agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such waiver would be void under the federal securities laws. Such arbitration shall be before three arbitrators and conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association then applying. The award of the arbitrators shall be final. Judgment upon any arbitration award rendered may be entered in any court, state or federal, having appropriate jurisdiction.

**BASIS OF ADVICE:** You acknowledge that we obtain information from a wide variety of publicly available sources, and that we have no sources, and do not claim to have sources of inside or private information. The recommendations developed by us are based on our professional judgment, and we cannot guarantee the results of our recommendations. You shall always elect unilaterally to follow or ignore, completely or in part, any information, recommendation or counsel given by us under this Agreement.

**ASSIGNMENT:** Pursuant to the provisions of the Investment Advisers Act of 1940, as amended, and the Missouri Securities Act, neither party hereto may assign, convey, or otherwise transfer any of its rights, obligations, or interests herein without prior express written consent of the other party. Subject to the provision regarding assignment, this Agreement shall be binding on the heirs, executors, administrators, legal representatives, successors, and assigns of the respective parties.

**MISSOURI CONTRACT:** This Agreement shall be deemed a Missouri contract and shall be governed and construed according to the laws thereof.

**ENTIRE AGREEMENT:** This Agreement constitutes the entire agreement and understanding of Adviser and Client and may not be amended or modified except by written instrument executed by both Adviser and Client. If there was a prior agreement between the parties for similar services, the parties now acknowledge and agree that this agreement supersedes and replaces the prior agreement.

**ENFORCEABILITY:** Any provision of this agreement which is prohibited or unenforceable shall be ineffective as to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

**EFFECTIVE DATE:** The effective date of this contract shall be the date of execution.

*IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date last written below.*

Choose the service(s) that you are requesting.

- I (we) request the service "Personal Financial Planning" from the Adviser.
- I (we) request the service "Investment Management" from the Adviser.
- I (we) request the service "Hourly Advice" from the Adviser.

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Exceptions to confidentiality Ex: Adult child, attorney, accountant

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Name, relationship

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Name, relationship

Notes, Memos, Amendments

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Note any revisions to this agreement.

***The USA Patriot Act of 2001 requires that clients of the Adviser provide copies of government issued photo IDs. Your signature(s) below confirm that you have provided or will provide you ID(s) within five days.***

### Signatures

**By signing below, I (Client) acknowledge that I (Co-Client) have received, read, understand, and agree to abide by all the terms and conditions set forth in this Client Engagement Agreement with the Adviser.**

Date

Client Signature

Date

Co-client Signature

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