



Firm Brochure

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This brochure provides information about the qualifications and business practices of SecondHalf Planning & Investment, LLC. If you have any questions, please contact us at (503) 698-5680 or by email at: larry@secondhalfplanning.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 is also available on the SEC's website at www.adviserinfo.sec.gov and the State of Oregon at www.cbs.state.or.us/dfcs/online.html.

SecondHalf Planning & Investment, LLC is a Registered Investment Advisor, but our registration does not imply a certain level of skill or training. Please use this brochure in your decision to hire us or to continue our business relationship.

Material Changes

Material changes since our January 4, 2018 Brochure include:

- The transition of client brokerage accounts from Scottrade, Inc (former custodian) to TD Ameritrade Institutional (acquirer of Scottrade and new custodian) was completed February 26, 2018.

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Advisory Business

Description of the Advisory Firm

SecondHalf Planning & Investment, LLC (“SecondHalf”) is a Registered Investment Advisor primarily offering Retirement Planning & Coaching and Investment Management services on a fiduciary, fee-only basis to individuals and couples in the second half of life (age 50+). We are regulated by the Oregon Division of Financial Regulation.

We serve clients in greater Portland, Oregon and nationwide in other jurisdictions where we may register or are exempt from licensure. SecondHalf was founded in 2013 by Larry McClanahan, the principal owner and sole practitioner of the firm.

Types of Advisory Services

Our focus is helping you successfully navigate your retirement transition and enjoy a purposeful and fulfilling life of financial independence. We work with you to:

- Create a **Roadmap for Retirement** that harmonizes the life you want with what’s possible given your financial resources. This financial plan is living, continuously-updated, and you have 24/7 online access to your status.
- Explore through **Retirement Coaching** the non-financial factors and life issues that are just as important as the money.
- Manage and protect your wealth through our **Defender Tactical Strategies**, freeing you from the burden of research and watching markets.

A typical arrangement would be to first engage our Retirement Planning services on a project basis and then retain us to help you implement, monitor, and maintain your Roadmap on an ongoing basis. We may accept engagements for Retirement Planning only or Investment Management only or modify service format to best fit your needs.

For those not wanting Retirement Planning or Investment Management, on an accommodation basis we may provide general Financial Planning and consulting services, including 401(k) plan consulting.

Initial Retirement Planning – Project Based

Roadmap for Retirement

The **Roadmap for Retirement** is offered with **Retirement Transition Coaching** or on a standalone basis. We collaborate with you to create a Roadmap that harmonizes the life you want with what’s possible given your financial resources. The Roadmap will be tailored to your specific needs—from a basic retirement analysis to a more comprehensive review—and typically includes:

- Retirement lifestyle planning
- In-depth financial review (spending, Social Security, pension, investments, retirement accounts, healthcare/Medicare, tax, estate, other).
- Meeting to review findings together and create your Roadmap.

- Stress test Roadmap for sustainability and the risks of various “what if” scenarios.
- Recommendations on areas needing attention and a written checklist of action steps.
- 30 day online access to Roadmap (no limit if you retain our ongoing services).
- 30 day email access to us for questions (no time limit if you retain us).

Retirement Transition Coaching

Offered in conjunction with a **Roadmap for Retirement**, this optional service is designed to help you identify and address various *non-financial issues* that are key to a successful transition to retirement or financial independence. Coaching typically includes:

- A series of tools and exercises that will help you reflect deeply on what you want from retirement
- 2-3 in-person meetings to discuss your results and any focus areas that will be important to your successful retirement
- A follow-up by phone or email after the final meeting to review progress, answer questions, and provide additional guidance on the path forward

Ongoing Retirement & Investment Services – Retainer Based

Retirement Journey Retainer (after initial Roadmap for Retirement)

Clients who choose this retainer option want our ongoing advice but prefer to manage their own investments. It includes:

- Annual Retirement Planning check-up and update to **Roadmap for Retirement**
- Ongoing access to us for questions (email/phone/online)
- 24/7 online access to continuously-updated Roadmap
- Other related services as mutually agreed

Investment Management Retainer

Our discretionary Investment Management services (“**Defender Tactical Strategies**”) can free you of the burden of investment research, watching the markets, and making investment decisions. If you choose the Investment Management retainer, we also provide the following benefits at no extra charge:

- 24/7 online access for monitoring Roadmap for Retirement and/or aggregated household accounts.
- Convenience of periodic review with us at your home or office for local clients (by phone or online for distant clients).
- Ongoing access to us for questions (email/phone/online).

Portfolio management is based on your individual needs, objectives, time horizon, and our assessment of market opportunities and threats. The portfolio we create and manage for you may use any of the following: exchange-traded funds (ETFs), closed-end funds (CEFs), no-load and/or load-waived mutual funds, REITs, individual stocks or bonds, options, or insurance products such as no-load advisory annuities when warranted.

While we typically do not trade frequently, we use a tactical asset allocation approach (“**Defender Tactical Strategies**”) to portfolio management. Periodic adjustments may be made to your portfolio

based on market trends, our assessment of valuation risks in current holdings or financial markets generally, underpriced opportunities in other investments, changes in economic or regulatory environment, and/or change in your circumstances.

Financial Planning & Consulting – Project Based

On-Demand Financial Advice™

Though our focus is Retirement Planning and Investment Management, we may also accommodate requests for On-Demand Financial Advice™ in the following areas:

- Review your investment portfolio and make recommendations that you can implement
- Explain in plain English how your 401(k), 403(b), or 457(b) plan works and your investment options
- 401(k) retirement plan consulting and advice for the plan's sponsor
- Review your income tax picture and recommend strategies to reduce your taxes
- Objective "second opinion" on a financial product another advisor wants to sell you
- Advice on maximizing your Social Security or claiming a pension
- Help getting your financial/tax/estate picture organized so you understand it better and how to efficiently manage it
- Specialized financial analysis on unusual projects
- Analyzing life's risks and determining how much insurance may be appropriate
- Help choosing the employee benefit options that are best for you

Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one overall fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. We do not participate in any wrap fee programs.

Assets Under Management

As of December 31, 2017, we had an ongoing relationship with 33 clients/households (82 accounts under management/advisement) and four small 401(k) plans. Breakdown of assets managed or advised is as follows:

\$ 9,702,000	Regulatory Assets Under Management (AUM) – Discretionary
<u>\$ 496,000</u>	Regulatory Assets Under Management – Nondiscretionary
\$10,198,000	
\$ 4,850,000	Assets Under Advisement (AUA) – Client Manages or 401(k) Plan
\$15,048,000	Total Assets Under Management and Advisement

Fees and Compensation

SecondHalf is a *fee-only* advisory firm, which means we do not sell financial products or accept commissions, compensation for referrals, or kickbacks. We charge a fee for objective advice, execution, and/or management. This approach minimizes conflicts of interest.

For initial planning and limited scope engagements, a maximum project fee will be agreed in advance with half due up front and the balance at conclusion. For ongoing retainer engagements, the fee is payable at the end of each quarter. On a case-by-case basis, we may discount a fee, waive minimums, or modify the service format to best fit your needs.

Initial Retirement Planning

Roadmap for Retirement \$1,500-\$3,500 (depends on complexity and client needs)

Ongoing Retirement Planning & Investment Management

Retirement Journey Retainer starting at \$375 quarterly

Investment Management Retainer	<u>Assets Under Management</u>	<u>Quarterly Fee</u>
	Under \$1,000,000	0.25%
	Above \$1,000,000	Negotiable

The Investment Management Retainer fee is a percentage of assets under management (\$250,000 minimum) and charged at the end of each quarter. We use the last day of the quarter for purposes of determining the market value of the assets upon which the advisory fee is based.

Fees are withdrawn directly from your investment account with your written authorization, unless alternative arrangements have been agreed to.

On-Demand Financial Advice™ \$150 hourly (3 hour min)
maximum project or retainer fee agreed in advance

Clients Are Responsible for Third Party Fees

You are responsible for the payment of any third party fees (i.e. custodian, mutual fund, transaction, account termination/transfer, etc.). Those fees and expenses are separate and distinct from the fees charged by SecondHalf.

Prepayment of Fees

Fees will never be collected more than six months in advance. Upon agreement termination, any Financial Planning fees paid in advance will be refunded based on the prorated amount of work completed to the point of termination. Any fees eligible for refund will be returned within fourteen days to the client via mailed check. Investment Management fees are never prepaid.

Performance-Based Fees and Side-By-Side Management

We do 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.

Our Clients

We generally provide Retirement Planning and/or Investment Management services to:

- Individuals and Couples
- High Net Worth Individuals and Couples
- Pension and Profit-Sharing Plans

Our clients come from a variety of backgrounds and most:

- Are in their second half of life (age 50+)—within a few years of retirement, already enjoying retirement, or engaged in an Encore career
- Need Retirement Transition Planning and/or Investment Management
- See themselves as middle and upper-middle America
- Value an ongoing working relationship with their advisor to help them stay on track
- Want an investment manager who “plays defense” to help protect against large losses
- Prefer to spend their time with the people they love and interests they enjoy most, instead of watching markets, making investment decisions, and managing financial details

Minimum Account Size

There is no minimum account size to engage our Retirement Planning & Coaching or other Financial Planning services. For discretionary Investment Management, there is a household minimum of \$250,000 in investable assets to be managed. Exceptions considered on a case-by-case basis.

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

Methods of Analysis and Investment Strategies

Methods of Analysis

We use many sources of information to conduct research and develop investment strategies. These may include economic and market data feeds from various financial web sites, trend trading signals, government economic and market data sources, sites for screening and rating investment funds, research prepared by others, prospectuses, company or fund press releases, and selected investment blogs.

Investment Strategies

Our top investment priority is managing portfolio risk. But everyone claims that, so what does that actually mean?

Though we typically trade infrequently, we actively manage your asset allocation attempting to avoid large capital losses but still capture a reasonable amount of financial upside when market conditions are appropriate. This may involve shifting among stocks and bonds, increasing cash allocation, trend-following trading, using stop-loss orders to protect the downside, or using options to hedge against losses or potentially capture gains.

Traditional wealth management typically follows Modern Portfolio Theory (MPT) and the Efficient Markets Hypothesis (EMH), which assume: (1) risk is defined as *fluctuation* in the value of your investments, (2) investors are rational, and (3) there is no such thing as an overpriced or underpriced investment.

In our view, those are silly notions that have no basis in reality.

While there are many types of risk, we view portfolio risk primarily as the potential for *permanent capital loss* and believe that steps can be taken to potentially mitigate that risk. Financial markets will always experience abnormal conditions, government and central bank policies can distort asset prices and foster so-called financial bubbles, and investors are always prone to swings of fear and greed. These situations create pricing imbalances: overpriced assets to avoid and underpriced assets to consider owning.

Permanent capital loss is most likely to occur when investors indiscriminately purchase securities that are overpriced relative to realistic underlying values, purchase securities that are out of sync with the investor's own time frame, or simply have no defensive strategy in place—such as stop-loss sell orders or exit points—to help protect on the downside.

Material Risks Involved

We will use our best efforts to manage your assets. However, we cannot guarantee any level of account performance, or that your account will be profitable over time, or that you will not experience financial loss. You assume the risk of investing your assets under the service engagement and understand that investment decisions made for your account are subject to various market, inflation, interest rate, currency, economic, political, business, lost opportunities, and other risks.

Disciplinary Information

Neither SecondHalf nor Larry McClanahan, the firm's principal and sole practitioner, has *ever* been the subject of a criminal or civil action in any jurisdiction; an administrative proceeding before the SEC, other federal regulatory agency, state regulatory agency, or foreign financial regulatory authority; or any proceeding by a self-regulatory organization or any arbitration proceeding.

Other Financial Industry Activities and Affiliations

SecondHalf is not registered as a broker-dealer and our employees are not registered representatives of any broker-dealer. Neither SecondHalf nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor. Neither SecondHalf nor Larry McClanahan accept commissions for the sale of any products. SecondHalf does not currently utilize nor select other advisors or third party managers. All assets are managed by SecondHalf management at the portfolio level.

Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Code of Ethics

We have a written Code of Ethics that guides us in our fiduciary duty of placing client interests above our own. The Code is broad and covers areas such as: Prohibited Purchases and Sales, Insider Trading, Conflicts of Interest, Gifts and Entertainment, Confidentiality, etc. Our Code of Ethics is available free to any client or prospective client upon request.

Recommendations Involving Material Financial Interests

We do not recommend that clients buy or sell any security in which a related person to SecondHalf or SecondHalf itself has a material financial interest.

Investing Personal Money in the Same Securities as Clients

From time to time, a representative of SecondHalf may buy or sell securities for themselves that they also recommend to or purchase for clients. Within the same market trading session, we will always buy or sell such securities in our clients' accounts before we buy or sell them in our own accounts. Alternatively, we may participate alongside our clients as part of a block trade where we all receive the same average price.

Brokerage Practices

Factors Used to Select Third-Party Custodians and/or Broker-Dealers

SecondHalf originally selected Scottrade, Inc. as primary account custodian based on their comparatively low transaction and account fees, access to a wide range of investment vehicles, and orientation to working with smaller Registered Investment Advisor firms. Scottrade, Inc. was acquired by TD Ameritrade Institutional and the transition of client accounts was completed February 26, 2018.

Jefferson National Life Insurance Company (now acquired by Nationwide) was chosen as a secondary custodian for certain client accounts that need an advisory annuity in order to avoid triggering taxable contract gain, or other unique circumstances. They were chosen primarily for the low-cost Monument Advisor platform with 350+ investment choices.

Through TD Ameritrade Institutional, we receive access to basic trading platform/execution, basic research tools on that platform, and a discount on the cost of our MoneyGuide Pro financial planning software. These "soft dollar" benefits have no bearing on the decision to continue using TD Ameritrade. Except as disclosed here, we receive no research, product, services, or referrals from any other broker-dealer or third-party in connection with using that broker-dealer or third party.

For discretionary Investment Management engagements, we require clients to use the broker-dealer/custodian selected by SecondHalf (TD Ameritrade or Jefferson National).

Aggregating (Block) Trading for Multiple Client Accounts

We maintain the ability to aggregate purchases and sales across client accounts (block trade). The benefit to you: equitable treatment in that you receive the same average price as all other parties to the trade. The benefit to us: efficient trading.

Review of Accounts

Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Discretionary Investment Management accounts are reviewed at least quarterly, with frequent informal monitoring via watch list of securities held in client accounts and periodic account checkup for placing trades. Non-discretionary investment accounts (consulting) are reviewed quarterly, unless an alternative time frame has been agreed to. Account reviews are conducted by Larry McClanahan. Accounts are reviewed generally with respect to investment holdings, investment trends, potential risks to holdings, potential investment opportunities, client investment objectives, and client risk tolerance levels.

All Financial Planning and consulting engagements are reviewed by Larry McClanahan according to the terms of the engagement. There is only one level of review and that is the total review conducted.

Factors That Will Trigger a Non-Periodic Review of Client Accounts

Additional, non-scheduled reviews may be triggered by material market, economic or political events, legislative changes, or by changes in the client's financial situation (such as retirement, spouse's death, physical move, or inheritance).

Content and Frequency of Regular Reports Provided to Clients

Usually monthly, but at least quarterly, you will receive a written report/statement (may be electronic) directly from the custodian that provides detail about your account, including assets held and asset value. You will also receive an invoice for any fees billed by SecondHalf, even if you have authorized us to deduct the fees directly from your account.

Client Referrals and Other Compensation

We do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients.

From time to time, we may recommend to clients the services of other professionals who provide legal, tax, real estate, and aging/eldercare services. These referrals are a professional courtesy only and we receive no compensation for them.

From time to time, we may subscribe to directory listings and referral service programs such as CertifiedMatters, BrightScope, Wealthminder, and similar services. Some of these provide advisor information only to investors (no referral), some allow investors to self-match and contact an advisor through the site, others may help match prospective investors with advisors. Any fee paid is fixed

without regard to the number of referrals received as the result of a listing. We may in the future subscribe to services that charge us a flat fee per qualified prospective client.

Custody

Fees for our discretionary Investment Management services will be deducted directly from your advisory account with the third-party custodian, unless we have agreed to alternate arrangements. In such cases, SecondHalf is deemed to have “constructive custody” over the account and must have written authorization from you to handle fee payment in that manner. As a convenience to clients, we also facilitate certain fund transfers from accounts under our management/advisement to client bank accounts or directly to clients themselves. In such cases, transfers initiated by us will follow pre-approved instructions from clients on file with the custodian. We do not accept authorization allowing us to modify the destination or recipient of such transfers. Aside from these instances of constructive custody, we do not take any other form of custody of client assets.

Investment Discretion

If you retain us for Investment Management, details will be fully reviewed with you and an agreement signed in which you provide us with discretionary authority. Discretion is like a limited Power-of-Attorney in which you grant us authority to execute transactions in your account without first consulting you. Discretion does *not* allow us to remove funds from your account, other than our advisory fee which you authorize in writing.

Voting Client Securities (Proxy Voting)

We will not ask for nor accept voting authority for client securities. You will receive proxies directly from the issuer of the security or the custodian and you should direct any proxy questions to the issuer of the security. We will be available to answer general questions you may have regarding proxy matters for investments that are under our management.

Financial Information

Due to our fee collection procedures and the fact that we take no custody of assets, we are not required to include a balance sheet with this brochure. Every year as part of our license renewal, we provide the State of Oregon with financial statements compiled by our independent accountant.

Neither SecondHalf nor its management have any financial conditions that are likely to impair our ability to meet contractual commitments to clients.

Requirements for State Registered Advisors

Principal Executive Officers and Management Persons; Education and Business Background

SecondHalf has only one management person/executive officer: **Larry Gene McClanahan, Jr.**

Education

-) Bachelor's degree (BRE), Prairie College, biblical studies and ministry, 1984
-) Extensive coursework in accounting and business, various institutions, 1985-1987
-) Master of Business Administration (MBA), California Pacific University, business management, 1989

[Disclosure pursuant to ORS 348.609: While California Pacific University was approved by the state of California to grant academic degrees when the MBA was earned, it does not have accreditation recognized by the United States Department of Education and has not been approved by the Oregon Office of Degree Authorization.]

Professional Designations

-) **CFP® -- CERTIFIED FINANCIAL PLANNER™** (January 2000 in Canada, which was maintained until challenging and passing the exam for the US designation in February 2007)
-) **CASL® -- Chartered Advisor for Senior Living®** -- January 2006, The American College
-) **CLU® -- Chartered Life Underwriter®** -- September 2013, The American College
-) **ChFC® -- Chartered Financial Consultant®** -- October 2014, The American College
-) **EA -- Enrolled Agent** -- February 2016, Internal Revenue Service

Business Background

Larry McClanahan has over 30 years of experience in financial, business, and management roles. Prior to launching his financial services career in 1999, he worked in such capacities as Accountant, City Manager, Vice President for Business, and Chief Financial Officer.

Other Business in Which This Advisory Firm or its Personnel are Engaged

Separate from SecondHalf, Larry McClanahan engages or may engage in tax preparation, tax resolution, accounting, and business consulting.

How Performance-Based Fees are Calculated and Degree of Risk to Clients

We do 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.

Material Disciplinary Disclosures for Management Persons of this Firm

Neither Larry McClanahan nor SecondHalf has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

Material Relationships that Management Persons Have with Issuers of Securities

Neither Larry McClanahan nor SecondHalf has any relationship or arrangement with issuers of securities.