

# **Milne Financial Planning Inc.**

An Independent Fee-Only

Registered Investment Advisor

**770 Railroad Street  
Saint Johnsbury, VT 05819**

**Telephone: (802) 249-7107**

**March 22, 2024**

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

This brochure provides information about the qualifications and business practices of Milne Financial Planning, Inc. If you have any questions about the contents of this brochure, please contact Mr. Milne at (802) 249-7107.

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. Additional information about Milne Financial Planning, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

While the firm and its associates may be registered with the State of Vermont, Massachusetts, New Hampshire, and Texas registration does not imply a certain level of skill or training on the part of the firm or its associated personnel.

## Item 2 Summary of Material Changes

Since our last annual updating amendment, dated March 29, 2023, we have made the following material changes to our Form ADV:

### **Item 1 - Cover Page**

Updated the phone number on our cover page to (802) 249-7107.

### **Item 5 - Fees and Compensation**

- Updated fees for the following services available to new clients, listed in Item 5, which are now as follows:

**Basic Review** - The cost of the Basic Review is a one-time fee of \$2,500 and is due at the end of the meeting unless other arrangements are made.

**Retirement & Investment Review** - The cost is \$5,000 with \$2,500 due at the beginning of the engagement and \$2,500 due at the end of the engagement unless other arrangements are made.

**Full Financial Review** - The cost is \$7,500 with \$3,750 due at the beginning of the engagement and \$3,750 due at the end of the engagement unless other arrangements are made.

**Hourly Fee** - \$425 per hour.

- Updated our minimum fee for Ongoing Financial Planning to \$5,000 and have also added the following disclosure related to minimum fees.

### **Minimum Fees for Ongoing Services**

We have a minimum Ongoing Financial Planning fee of \$5,000 annually, as indicated above. To the extent that clients engage us for both Ongoing Financial Planning and Asset Under Management (AUM) Services, we may at our discretion adjust the Ongoing Financial Planning fee to compensate for AUM fees being paid. This adjustment is meant to account for the size of the client, the complexity of their ongoing needs, and meeting our minimum annual fee of \$5,000.

### **Item 12 – Brokerage Practices**

Updated to remove the disclosures related to TD Ameritrade and TD Ameritrade Institutional, since that custodian has since merged with Charles Schwab & Co ("Schwab"). The required disclosures surrounding our brokerage practices in Item 12 have been revised to account for this switch to Schwab, and have included many new important disclosures related to our use of Schwab as a custodian going forward. Please review Item 12 below in its entirety for more information.

### **Item 15 – Custody**

Has also been updated to remove the mention of TD Ameritrade, since that custodian has since merged with Charles Schwab & Co ("Schwab"). Please review Item 14 below in its entirety for more information.

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## Item 4 Advisory Business

Milne Financial Planning, Inc. ("Milne Financial Planning" or the "firm") is a registered investment advisor domiciled in the State of Vermont. In addition to the firm's registration as an investment advisor with the State of Vermont in 1995, Milne Financial Planning and its associated personnel may register or meet certain exemptions to registration in other states in which they conduct business. Jamie Milne (noted in the accompanying supplement) is the majority shareholder and supervisor of the firm.

The firm provides fee-only financial planning, consultation, and investment supervisory services that, depending upon each client's unique circumstances or specific request may be general in nature or focused on areas of interest or need. The firm holds itself to a *fiduciary standard*, which means Milne Financial Planning and its personnel will act in the utmost good faith and perform in a manner believed to be in the best interest of its clients.

### IRA Rollover Recommendation

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

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

### Client Assets Under Management

As of December 31, 2023, we provide continuous management services for \$80,863,519 in client assets on a discretionary basis, and \$2,531,022 in client assets on a non-discretionary basis.

The firm does not sponsor or recommend wrap fee investment programs.

### Introductory Review

A telephone screening interview may be conducted by a qualified representative of the firm to determine the scope of services to be provided. Before or during the initial meeting, a current Form ADV Part 2 with privacy policy will be provided. Should the client wish to engage Milne Financial Planning for its services, parties will enter into a written agreement.

Financial advice or plans are based upon the information disclosed by the client and incorporate the client's financial situation at the time the plan is presented. In performing its services, the firm may, but is not required to, verify any information received from the client or from the client's agents.

### Firm Services

Milne Financial Planning may employ various methods and techniques in providing clients advice and recommendations. In general, the process involves listening and clearly defining goals and objectives, evaluating the client's resources, identifying their time horizon and tolerance for risk, offering suggestions and recommendations to achieve these goals, and then providing and implementing strategies.

Because emotions and attitudes of each client are different and no two clients have the same financial situation, no two meetings, plans or recommendations are the same. However, similarities between plans may exist based on similar client types, advisor's beliefs, and experience, among other potential factors.

The firm provides both one-time and ongoing services. One-time services (Basic Review, Retirement & Investment Review, and Full Financial Review) are for clients who are looking for guidance with their finances and plan on implementing our suggestions and recommendations themselves. Upon the completion of the engagement, the firm does not have a continued responsibility to the client or their accounts unless the client requests an ongoing service or re-engages the advisor for advice.

Milne Financial Planning may suggest additional meetings for one-time clients, but it is the client's responsibility to initiate these reviews. As a rule-of-thumb for future consultations is on an annual basis or as material changes occur in the client's financial situation (i.e., loss of a job, retirement, receipt of a significant bonus, inheritance, birth of a new child, etc.).

Ongoing clients may or may not have regularly scheduled meetings.

Milne Financial Planning may provide tax-related advice as it relates to the client's financial situation and maintains a Vermont insurance consultant license to provide life insurance advice as needed.

### **New Clients**

New clients may choose the Basic Review, Retirement and Investment Review or Full Financial Review service. Once clients have completed one of these services, they may choose to have additional hourly service or become an ongoing client at the discretion of the firm.

#### **Basic Review (New Clients)**

The Basic Review is an interactive one-time meeting based on each client's unique circumstances and is structured to answer your specific question(s). The scope of this meeting is based on time and the meeting typically are two hours. The meeting may cover one area of concern, or it may cover multiple areas of concern.

Clients are welcome to take notes and are provided illustrations created during the meeting. Basic Review clients can convert the Basic Review to the Retirement & Investment Plan, the Full Financial Plan or engage the firm for additional work on an hourly basis.

#### **Retirement & Investment Review (New Clients)**

The Retirement & Investment Review is appropriate for clients nearing retirement or who have already retired and want to ensure they are on track to achieve their spending goals. This service is intended to answer specific retirement related questions such as:

- Can I retire, now, next year or in five years?
- How much can I spend in retirement?
- What accounts do I spend from first?
- When should I start taking Social Security?

- Which pension option should I choose?
- How does Medicare work?
- How do I manage my investments in a tax-efficient manner?

We believe anyone's retirement plan is tied closely to their portfolio investment risk. To answer, "Am I okay to retire," the portfolio allocation, risk and projected performance needs to be evaluated and understood. An in-depth investment review helps align the client portfolio to meet the retirement goals without undue risk.

This service includes a summary of recommendations that address retirement goals and specific changes to the investment accounts. The summary is then used as a "road map" to implement the recommendations.

The Retirement & Investment Review answers client questions about retirement and investing, however its focus is limited. Those wishing for a more detailed review should consider the Full Financial Review.

### **Full Financial Review (New Clients)**

The Full Financial Review is often the result of a client specific need, but the service is intended to review the following topics:

- Retirement planning
- Investment planning
- Cash flow and budgeting
- Net worth statement
- Life insurance needs
- Disability insurance needs
- Long term care Insurance
- Estate planning
- Tax planning

Not all topics may be covered in detail, this depends on the unique client circumstances. The Full Review outlines the client's financial position as well as detailed comments, suggestions, and specific recommendations. The result is a "road map" to implement the suggestions and recommendations. This service engagement usually requires multiple meetings.

### **Ongoing Services**

Ongoing services provides a continuing relationship. The Ongoing service provides investment management and all pertinent financial planning. Like our one-time services, the ongoing services provide a holistic approach. The added benefit of the ongoing services includes management of client's investment portfolios. For those clients that choose to custody their money with our preferred brokerage firms, we can make the recommended trades. In addition, we also assist in implementing financial plan recommendations, monitoring your retirement plan and help keep you on track to achieve your goals. Included with the ongoing services is phone, email, and general support throughout the year. Reviews are conducted as needed.

### General Information

The client retains the right to accept or reject any recommendation made by the firm. Further, it remains each client's responsibility to promptly notify Milne Financial Planning if there is a material change in their financial situation or investment objectives for the purpose of evaluating or revising the

firm's recommendations or services. When financial planning or investment consultation services focus only on areas of client interest, the client is hereby informed that their overall financial situation or needs may not be fully addressed due to limitations they have established for the firm.

The firm does not provide property and casualty insurance, accounting, or legal advice. With the client's consent, the firm may work with the client's other advisors (accountants, attorneys, etc.) to assist with coordination and implementation of accepted strategies. The client should be aware that their other advisors may bill them separately for their services, and these fees will be in addition to those of the firm.

The firm will use its best judgment and good faith effort in rendering its services to its clients. Milne Financial Planning cannot warrant or guarantee any level of account performance, or that an account will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, the firm will not be liable to the client, heirs, or assigns for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by the firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from the firm's adherence to the client's or their legal agent's direction; or any act or failure to act by a service provider maintaining an account.

Notwithstanding the preceding, nothing within the client services agreement is intended to diminish in any way the firm's fiduciary obligation to act in the client's best interest or shall in any way limit or waive any client rights have under federal or state securities laws or the rules promulgated pursuant to those laws.

## **Item 5 Fees and Compensation**

### New Clients

**Basic Review** - The cost of the Basic Review is a one-time fee of \$2,500 and is due at the end of the meeting unless other arrangements are made.

**Retirement & Investment Review** - The cost is \$5,000 with \$2,500 due at the beginning of the engagement and \$2,500 due at the end of the engagement unless other arrangements are made.

**Full Financial Review** - The cost is \$7,500 with \$3,750 due at the beginning of the engagement and \$3,750 due at the end of the engagement unless other arrangements are made.

**All of the fees mentioned above are for one-time Financial Planning services, and these services will be rendered within 6 months of us receiving fees due at the beginning of the engagement.**

**Hourly Fee** - \$425 per hour.

### **Ongoing Financial Planning Fee**

- The Financial Planning Fee for ongoing services ranges from \$5,000 - \$30,000 annually.
- This fee is negotiable and is agreed upon in advance. The will be reviewed annually. \*See 'Renewal Fees' below.
- This fee will be charged in advance on a quarterly basis

## **Asset Under Management Fee (AUM)**

- The maximum AUM fee for all clients shall be 2% annually
- This fee is negotiable and agreed upon in advance. The fee will be reviewed annually. \*See 'Renewal Fees' below.
- This fee will be charged in advance on a quarterly basis

**Clients are encouraged to discuss their concerns regarding their fee and how it is calculated. At no time will the fee exceed 2.00% of the client's Assets Under Management.**

For clients paying an AUM fee, some investments may earn less than the fee being paid. Cash is considered an investment asset class and depending on current interest rates, may earn less than is being charged.

## **Minimum Fees for Ongoing Services**

We have a minimum Ongoing Financial Planning fee of \$5,000 annually, as indicated above. To the extent that clients engage us for both Ongoing Financial Planning and Asset Under Management (AUM) Services, we may at our discretion adjust the Ongoing Financial Planning fee to compensate for AUM fees being paid. This adjustment is meant to account for the size of the client, the complexity of their ongoing needs, and meeting our minimum annual fee of \$5,000.

## **Additional On Going Services Fee Information**

**Fee Calculations** - Fee calculations may vary by client and are based on several factors including but not limited to the complexity of the client's situation and the services to be provided by firm to the client. The client will be quoted the fee prior to initiating services. Fees are negotiable.

**\*Renewal Fees** - Client agreements will be reviewed once a year, should the Advisor decide to change either the Ongoing Planning fee or the AUM percentage, Client will be presented with a new agreement stating the new Ongoing Planning fee and/or the new AUM percentage. The client is encouraged to ask any questions before signing all agreements.

**Billing Cycle** - One-quarter (1/4) of the Ongoing Planning fee and one-quarter (1/4) of the AUM fee is billed every three months in advance. There will be no pro-rating of fees for partial three-month periods. However, should a client terminate services during a three-month period, a prorated refund of fees will be issued to the client.

There are circumstances where a client using Ongoing services could incur additional fees. If that is the case, the additional fees will be discussed before they are incurred. A few examples of additional fees include divorce planning, additional reviews/meetings significant changes in client circumstances, inheritances, and providing advice on life insurance and real estate.

## **No-Load Products**

Specific product recommendations made by the firm will be for "no-load" (i.e., no commission) products, if available. In some cases, such as with certain mutual funds or insurance products, there may not be a suitable selection of no-load products available for recommendation; however, neither the firm nor its associates will be paid a commission on the purchase.



Any transactional or custodial fees assessed by the selected custodian or broker/dealer ("service provider") and/or individual retirement account or qualified retirement plan account termination fees are borne by the client and are as provided in the current, separate fee schedule of the selected service provider.

Fees paid to the firm for its services are separate from any charges the client may pay for mutual funds, ETFs, or other investments of this type. The firm does not receive "trailer" or SEC Rule 12b-1 fees from any investment company.

Fees charged by these issuers are detailed in prospectuses or product descriptions and clients are encouraged to read these documents before investing. Milne Financial Planning receives none of these described or similar fees or charges.

#### Termination of Services

Either party may terminate the agreement at any time, which will typically be in writing. A new client may terminate an agreement with the firm within five business days after the signing of the services agreement without penalty or charge. Thereafter, any prepaid, unearned fees will be promptly returned within 30 days.

Following termination notice, it will remain the client or their legal representative's responsibility to ensure a transfer is completed of any portfolio, account, or residual to the receiving service provider.

The firm will not be responsible for future allocations, transactions, or advice upon receipt of a termination notice. It will also be necessary that we inform the custodian of record that the relationship between parties has been terminated.

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

The firm's investment supervisory services fees will not be based upon a share of capital gains or capital appreciation of the funds or any portion of funds of an advisory contract, also known as performance-based fees.

Milne Financial Planning also prohibits any affiliated entity or employee to engage in or benefit from side-by-side investment management arrangements, often reflective of managing a hedge fund or other similarly pooled fund.

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

The firm provides its services to individual investors; trusts, estates, and charitable organizations; pensions and profit-sharing plans; and business entities of various scale.

For various types of engagements there is not a minimum dollar value of assets or other similar conditions. The firm may, however, impose a minimum fee as described in Item 5 (Fees and Compensation).

Milne Financial Planning has the right to waive certain fees based on unique individual circumstances, special arrangements, pre-existing relationships or as otherwise may be determined by a firm principal. The firm also reserves the right to decline services to any prospective client for any non-discriminatory reason.

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

### Methods of Analysis

When the firm is engaged to provide investment consultation or investment supervisory services, the client's current financial situation, needs, goals, objectives, and tolerance for risk are all considered. Asset allocation and investment policy decisions are made and discussed with the client to, in the firm's best judgment, meet the client's objectives while minimizing risk exposure.

The firm relies on research based on what it believes to be an appropriate blend of fundamental and technical analyses. In a basic sense, these approaches study both the underlying value of a security and evaluate its past behavior in the market.

Fundamental analysis involves using data to evaluate a security's intrinsic value. For example, fundamental analysis of a bond's value could involve evaluating economic factors including interest rates, the current state of the economy, and information about the bond issuer's credit ratings. Fundamental analysis of a stock considers revenues, earnings, future growth, return on equity, profit margins and other data to evaluate a company's value and its potential for future growth.

Technical analysis involves studying the historical patterns and trends of publicly traded stocks to determine the potential future behavior of a stock, regardless of the stock's underlying or intrinsic value. These methods are based upon analyzing statistics generated by market activity, such as past prices and trading volume.

The firm's research may be drawn from sources that include financial publications; investment analysis and reporting software; research materials from outside sources; corporate rating services; annual reports, prospectuses, and other regulatory filings; and company press releases.

### Investment Strategies

Milne Financial Planning has been investing clients' money since 1996. During that time, the investment strategies and philosophy have remained constant. The core beliefs that underlie our philosophy are as follows:

- A diversified portfolio reduces risk.
- The allocation of the portfolio is more important than the underlying holdings.
- A buy and hold strategy works better in the long run than frequent trading.

The application of these beliefs is quite traditional. Most money is invested in a variety of stock and bond mutual funds, ETFs, CDs, and individual bonds. Of interest to some clients is Milne Financial Planning's approach to individual stocks. Milne Financial Planning will maintain an existing portfolio of individual stocks but will generally recommend mutual funds and ETFs over individual stocks.

In designing a portfolio, the starting point is determining the appropriate amount of cash to maintain. Cash is considered an asset class and is money held in checking, savings, money market accounts and certificates of deposit (CDs). All portfolio allocations include some level of cash. The firm associates a portfolio's risk with the equity allocation. The cash allocation provides both a buffer to the fluctuating values of the portfolio and a reserve for spending withdrawals. The next aspect of designing a portfolio is to assess the risk needs; this helps determine the stock allocation target. Many factors make up a client's risk tolerance and Milne Financial Planning's recommendation for the stock allocation. One of the main tools used in providing a stock allocation target is based on the spending projections. Clients that have strong spending projections (their financial resources more than cover their spending desires) can have a lower risk (stock allocation) than clients with a "tight" spending

projection. Those clients who fall short of their spending desires are generally invested with greater risk. The hope, and it is a hope, is that the stock market over the long term will outperform other types of investments.

*Note: This philosophy does not exclude a client with strong spending projections from being aggressively invested and a client with a "tight" spending projected from being invest very conservatively. As mentioned earlier, there are several factors that make up the final stock allocation target.*

#### Socially Responsible and Sustainability Investing

Milne Financial Planning services includes both socially responsible/ESG investment recommendations along with non-socially responsible investment portfolios. Generally, the client indicates which type of portfolio (social vs. non-social) they prefer.

#### Risk of Loss

While Milne Financial Planning believes its strategies and investment selection is designed for growth, it cannot warrant or guarantee that an investment objective or planning goal will be achieved. Some investment decisions made by either the firm or the client may result in loss, which may include the original principal invested. The client must be able to bear the various risks involved in the investment of account assets, which may include market, currency, interest rate, liquidity, and operational or political risk, among others.

The challenge involved in employing fundamental analyses is that information obtained may be incorrect; an analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance. The risk of investing based on technical analysis is that it may not consistently predict a future price movement; the current price of a security may reflect all known information.

When the firm's research and analyses is based upon commercially available software, rating services, general market and financial information, or due diligence reviews, the firm is relying upon the accuracy and validity of the information or capabilities being provided by selected vendors, rating services, market data, and the issuers themselves. The firm makes every effort to determine the accuracy of the information received but it cannot foretell events or actions taken or not taken, or the validity of all information it has researched or provided which may or may not affect the advice to or investment management of a client account or financial plan.

Although ETF Shares are listed for trading on NYSE and/or other exchanges, it is possible that an active trading market may not develop or be maintained. This may affect the liquidity of the shares.

Further, while many ETFs are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are certain asset classes or holding periods within an ETF that may not benefit. Shorter holding periods as well as certain commodities and currencies may be considered "non-qualified" under certain tax code provisions, therefore, the holding's QDI will be considered if tax-efficiency is an important aspect of the portfolio.

### **Item 9 Disciplinary Information**

Neither Milne Financial Planning nor any of its associated personnel have been the subject of reportable legal or disciplinary events pursuant the Investment Advisors Act of 1940 (as amended) or similar state statute.

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

Neither the firm nor its associated persons are affiliated with or maintain a material relationship or arrangement with another financial industry entity, such as a broker/dealer.

The firm's policies require it and its personnel to conduct business activities in a manner that avoid actual or potential conflicts of interest between the firm, employees, and clients, or that may otherwise be contrary to law. The firm will provide disclosure to its client prior to and throughout the term of an engagement of any conflicts of interest which will or may reasonably compromise its impartiality or independence.

Milne Financial Planning is a member of the Garrett Planning Network, Inc. (Garrett), an international organization that assists financial planners in fee-only, financial planning practices. Garrett is not, nor believed required to be, a registered financial industry participant. The firm pays an annual membership fee to Garrett for extensive services that include their hosting training, compliance, and operational support to enhance the firm's ability to provide quality service and advice to the investing public.

Investment advisor representatives of the firm may hold individual membership or serve on boards or committees of professional industry associations such as the National Association of Personal Financial Advisors (NAPFA), the Institute of Divorce Financial Analysts or the Certified Financial Planner Board of Standards, Inc. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements.

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

### Code of Ethics

The firm has adopted a Code of Ethics that sets forth the policies of ethical conduct for all personnel and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulation but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. The firm's policies include the prohibition against insider trading, circulation of rumors, certain political contribution activities, among others.

Due to the nature and scale of the firm, not all organizational duties are segregated; however, the firm employs compliance policies and procedures to ensure timely record keeping and supervision. Certain functions may be outsourced to assist in these efforts when deemed necessary. All material conflicts of interest are disclosed to clients prior to and throughout the term of an engagement that will or may reasonably compromise the firm's impartiality or independence.

Milne Financial Planning will provide of copy of its Code of Ethics to all clients and prospective clients upon request.

The firm periodically reviews and amends its Code of Ethics and written procedures to ensure currency, and all firm access persons are required no less than annually to attest to their understanding and adherence.

### Privacy Policy

Milne Financial Planning is committed to maintaining the confidentiality, integrity and security of client and prospective client personal information.

The firm collects information to assist in providing services and products meet client's financial goals and objectives and provide high standards of customer service. Additionally, information is obtained to help the firm fulfill its legal and regulatory requirements.

Information collected may vary depending on the products and services requested and the scope of the engagement. All the information collected comes directly from the client. The firm will ask about personal finances, health, and family; where clients live, work and what they want to achieve during their relationship with the firm. Milne Financial Planning will use this information only for the financial planning and investment process.

The information gathered includes, but is not limited to, Social Security or Tax Identification numbers, birth date, net worth, and annual income, information about personal finances; financial information such as bank accounts, and medical information for insurance review. At times, the firm will disclose limited information to an attorney, accountant, and other professionals as necessary to carry out the financial planning process. At no time will the firm share name or personal information to other third parties, such as mailing lists vendors or solicitors.

The firm does not disclose information to nonaffiliated third parties about its current or former clients, except as permitted or required by law. However, should for any reason the firm's policy change, it will notify the client by providing an amended Privacy Notice prior to making disclosure of nonpublic information to nonaffiliated third parties that are not permitted under law.

Milne Financial Planning may disclose personal information obtained from a client to financial service providers that service or provide support to a client's account, as permitted under law, such as: securities broker/dealers, custodians, other advisors, attorneys, insurance agents and insurance companies, investment companies, third-party administrators and vendors hired to effect, administer or enforce transactions or services in an account, consumer reporting agencies in connection with an application or insurance renewal.

Making use of technology is a large part of Milne Financial Planning. Though the firm may never be entirely certain anyone's data is protected in the world we live in today, the firm has taken the steps necessary to protect its data. The firm may employ virtual employees (administrative support and planners located outside of the office), conduct virtual meetings, as well as use web-based software and offsite web-based data cloud storage.

The firm will notify its clients annually of its privacy policy and at any time, in advance, if its policy is expected to change.

#### Participation or Interest in Client Transactions

Neither the firm, employees nor any related person are authorized to recommend to a client, or effect a transaction for a client, involving any security in which the firm or a related person has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc.

Employees are prohibited from taking or providing a loan from a client unless it is an approved financial institution, or the natural person is an immediate family member.

The firm recognizes that should it act as the advisor to the sponsor of an ERISA-qualified retirement plan (i.e., 401(k) or pension plan) and one of its investment advisor representatives serves in an advisory capacity to one or more of the plan's participants, a potential or implied conflict of interest may occur.

The firm may require its employee to cease in this plan participant advisory capacity or, upon disclosure to and approval from the plan sponsor, allow the dual advisory role to continue and with consideration made to offset participant fees.

#### Conflicts of Interest

In any buyer/seller relationship there is the potential for conflict of interest; the buyer wants to pay as little as possible, and the seller wants to receive as much as possible. The advisor has attempted to minimize conflicts by working on a fee-only basis; however, not all conflicts can be eliminated. For example, the advisor continues to add new clients, so it is in the firm's interest to engage new clients; this could be perceived as a conflict. For hourly services, it is in the advisor's interest to increase the scope of the project. If a client uses one of the on-going services, then the advisor's fee (adjusted annually) changes as the portfolio increases or decreases. Common questions clients ask that create a potential conflict are: "Should we pay off the mortgage? Should I continue paying into or surrender my cash value life insurance policy? Should we maintain our real estate investment?" The conflict results from the advisor's on-going service fees being calculated on the client's investable assets. The client uses these investable assets to pay the mortgage or insurance premium, thereby potentially reducing firm's fee the following year. Clients should always ask if there are any known or potential conflicts of interest.

As noted in Item 4 of this disclosure, Milne Financial Planning provides financial planning, investment consultation and investment management services to its clients on a fee-only basis. Due to the firm offering all these services to a client, a potential conflict of interest may exist. Therefore, the client is under no obligation to act upon the firm's recommendations. If the client elects to act on any of the firm's recommendations, they are under no obligation to affect the transaction through the firm.

#### Personal Trading

The firm, its associates, and any of related persons may buy or sell securities like those recommended to clients for their accounts and buy securities not recommended to clients. The firm may also make recommendations or act with respect to investments for its clients that may differ in nature or timing from recommendations made to or actions taken for other clients or its employees. However, at no time will Milne Financial Planning or any related party receive preferential treatment over its clients.

To reduce or eliminate certain conflicts of interest involving personal trading, firm policy may require the utilization of published lists that restrict or prohibit transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in any related person's account. The firm maintains the required personal securities transaction records per regulation.

## **Item 12 Brokerage Practices**

#### **The custodian and brokers we use**

We do not maintain custody of your assets that we manage or on which we advise. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We routinely request that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we request that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian

We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we may not be able to manage your account on a discretionary basis. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

### **How we select brokers/custodians**

We recommend Schwab, a custodian/broker, to hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account a wide range of factors.

### **Your brokerage and custody costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, some mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the un-invested cash in your account in Schwab's Cash Features Program. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer you may pay lower transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. These services have certain benefits for you, but they also benefit us as a firm. Some examples of services that benefit us and are provided by Schwab are: invitations to conferences and events, consulting on our business needs, a platform to manage all of our clients' Schwab accounts, technology resources, and more.

### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf. These services are not contingent upon us committing any specific amount of business to

Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to request the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our [selection/recommendation] of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

#### Client Referrals

All compensation paid to the firm is paid directly by the client and, therefore, the firm does not receive any additional compensation when its clients engage a recommended custodian or any other service provider.

#### Directed Brokerage

Milne Financial Planning does not require that a client direct the firm to execute transactions through a specified broker-dealer. For clients that maintain assets outside of Schwab, the client will be responsible for placing trades in those accounts and providing the firm with current statements.

#### Trade Aggregation

Transactions for each client will generally be affected independently unless the firm decides to purchase or sell the same securities for several clients at approximately the same time often termed "aggregated" or "batched" orders. The firm does not receive any additional compensation or remuneration because of aggregated transactions.

The firm may (but is not obligated to) aggregate orders to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among client accounts should there be differences in prices and commissions or other transaction costs that might have been obtained had such orders been separately placed. Within aggregated orders, transactions will generally be averaged as to price and allocated among the clients on a pro rata basis on any given day and the firm will attempt to do so in accordance with applicable industry rules. Client accounts where trade aggregation is disallowed or infeasible may be assessed higher transaction costs than those that are batched.

The firm reviews both its trade aggregation procedures and allocation processes on a periodic basis to ensure it remains within stated policies and/or regulation.

### **Item 13 Review of Accounts**

There are no reviews provided to clients obtaining one-time financial planning services unless the client reengages the firm to provide the review. Ongoing services clients are generally offered a review on an annual basis. Clients may request more frequent reviews and may set thresholds for triggering events that would cause a review to occur. Additional reviews may incur an additional cost.

Levels of reviews will vary depending on the client needs at the time of the review as well as changes in the financial status or position (tax status or otherwise), financial goals, current market conditions, performance standards, risk tolerance, and age, among other potential factors.

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

The firm does not engage in solicitation activities, as defined by statute, nor does it pay a direct or indirect fee for referrals.



The firm participates in an Advisor Program with MaxMyInterest. No referral fees are paid to the firm, nor is there any fee-sharing arrangement between parties.

As earlier stated, Milne Financial Planning and its associates may be members of various associations noted in Item 10. An added benefit these entities provide to the investing public is the availability of search tools on their websites that allow interested parties (prospective clients) to search for participant firms (such as Milne Financial Planning) or individual planners within a selected state. The search tool notes the advisors' contact information. This passive website list provides a means for an interested person to contact a firm or individual planner via electronic mail or telephone number so that the interested person may interview the participant firm or an individual planner. Members of the public may also choose to telephone association support staff to inquire about a firm or individual planner within their area and would receive the same information.

Prospective clients locating a firm or individual planner via any of the noted venues are not actively marketed by these entities nor do they pay more for their services than another client who may be referred in another fashion, such as a personal referral from another advisor client.<sup>2</sup> Further, the firm does not pay for these prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

The firm pays fees to be listed in directories of financial advisors, including [FeeOnlyNetwork.com](http://FeeOnlyNetwork.com) and MD Physician Services. These entities are not paid per client referred and there is no fee-sharing arrangement; the firm pays a fixed amount to be listed, regardless of whether any clients are generated by our participation. Clients who locate us through one of these services do not pay more than clients who find us by any other manner.

## **Item 15 Custody**

Client funds and securities will be maintained by unaffiliated, qualified custodians (such as Schwab), banks, broker-dealers, mutual fund companies, or transfer agents; not with or by Milne Financial Planning, nor any of its associates.

We are prohibited from having authority to directly withdraw securities or money from a client account, other than for payment of our advisory fees that will be accomplished through a qualified custodian and pursuant to a prior written agreement with the client (termed "constructive custody"). In addition, we offer the ability to pay via AdvicePay, a billing and payment solution that meets all custody requirements.

The firm will not accept or forward client securities (i.e., stock certificates) erroneously delivered to the firm.

At no time will a firm employee be authorized to have client account access information (i.e., online 401(k), personal brokerage, or bank accounts), even for the "accommodation" of the client or their legal agent.

Firm policies restrict the firm and its associated persons from acting as trustee for or having general power of attorney over a client account when such access might result in physical control over client assets.

Firm fees for any single account are not to be collected for its services to be performed more than six months in advance *and* more than \$500.

Clients will be provided transaction confirmations and summary account statements sent directly from their selected service provider, not through or Milne Financial Planning. Typically, these statements are provided on a monthly or quarterly basis, and as transactions occur. Clients are reminded to inform the firm if they do not receive these statements in a timely fashion. For those accounts that elect to receive electronic statements from the selected service provider, they must ensure they maintain a current electronic mail address with the service provider.

Clients may receive periodic performance reports from Milne Financial Planning. They are urged to compare their account statements received from the assigned service provider with those performance reports they receive from the firm for accuracy.

## **Item 16 Investment Discretion**

The firm generally provides investment management services to its clients via a discretionary account agreement. Like a limited power of attorney, this authority allows the firm to implement investment decisions, such as buys or sells of securities, on behalf of the account without prior client authorization to meet the account objectives. This authority will be granted through the client's execution of our engagement agreement as well as account opening documents with the custodian of record. The custodian of record will specifically limit our firm's authority to the placement of orders and the request for the deduction of firm advisory fees.

By definition and absent client written instruction to the contrary, actions with respect only to an approved trade execution's price or time are not deemed to be discretionary. Further, all account restrictions, limitations, and rescissions will be made in writing by the client and approved in writing by a firm principal. A record will be made and retained per regulation for each of these actions.

## **Item 17 Voting Client Securities**

The firm does not vote client proxies nor offer guidance on the voting of proxies. Clients maintain exclusive responsibility for directing the way proxies solicited by issuers of securities beneficially owned by the client shall be voted as well as making all other elections relative to mergers, acquisitions, tender offers, or other events pertaining to the client's investment assets.

The firm will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

If the firm receives correspondence for a client relating to the voting of their securities, class action litigation, or other corporate actions, it will typically forward the correspondence to the client or another entity (i.e., client counsel, etc.) if so directed.

## **Item 18 Financial Information**

Except for having the ability to request the withdrawal of our advisory fees through a qualified, unaffiliated custodian per your written agreement or AdvicePay, we will not have further custody of your account assets (described in Item 15).

Since its inception, Milne Financial Planning has been on solid financial ground. On April 7, 2020, in response to circumstances brought about by COVID19 conditions; the adviser obtained Paycheck Protection Program ("PPP") loan in the amount of \$30,300 for financial assistance to aid in the payment of the salaries of employees who are primarily responsible for performing advisory functions for the firm. Outside of the above, neither the adviser nor its management has any financial conditions that are likely to impair our ability to meet contractual commitments to referred investors reasonably. There are no additional financial circumstances to report. The above-mentioned PPP loan was forgiven on March 2, 2021, for the full amount of the loan.

Neither our firm nor its management serves as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management have not been the subject of a bankruptcy petition at any time during the past 10 years. Further, the firm and its management do not have a financial condition likely to impair our ability to meet our commitment to our clients.

Due to the nature of our firm's services and operational practices, an audited balance sheet is not required by statute nor included in this brochure.

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

Refer to the Part(s) 2B for background information about our principal executive officers, management personnel and those giving advice on behalf of our firm.

Our firm is actively engaged in another business, other than giving investment advice. For information on the other business activities and the approximate amount of time we spend on that business refer to *Other Financial Industry Activities and Affiliations* above.

Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Refer to the *Performance-Based Fees and Side-By-Side Management* section above for additional information on this topic.

Neither our firm, nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings, or administrative proceedings.

Neither our firm, nor any of our management persons have a material relationship or arrangement with any issuer of securities.

**James D. Milne, CFP®**  
**Milne Financial Planning Inc.**

**770 Railroad Street  
Saint Johnsbury, VT 05819**

**Telephone: (802) 249-7107**

**[www.milnefeeonly.com](http://www.milnefeeonly.com)**

**March 22, 2024**

**FORM ADV PART 2B  
BROCHURE SUPPLEMENT**

This brochure provides information about James D. Milne that supplements the Milne Financial Planning, Inc. advisory brochure, which is referenced in the preceding pages. If you have any questions about the contents of this supplement, please contact Mr. Milne by telephone at (802) 249-7107.

Additional information about Milne Financial Planning, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Individual" use Mr. Milne's CRD number 2358140.

## Item 2 Educational Background and Business Experience

### Principal Executive Officers and Management Persons

#### ***President/firm Principal/Information Security Officer/Investment Advisor Representative***

**James D. Milne, CFP®<sup>1</sup>**

***Born:*** 1959

#### ***Educational Background***

- Babson College, Wellesley, Massachusetts - BS Finance • Babson College, Wellesley, Massachusetts - MBA
- Stonier Graduate School of Banking • Certified Financial Planner™ professional (CFP®), College for Financial Planning
- Basic Divorce Mediation Training
- Certified Divorce Financial Analyst (CDFA) from the Institute for Divorce Financial Analysts (IDFA)
- National Association of Personal Financial Advisors Conferences

#### ***Business Experience***

- President - Milne Financial Planning, Inc. [1995-Present]

#### ***Membership and Positions Held***

- National Association of Personal Financial Advisors (NAPFA):
  - Member [1996-Present]
  - National Board Member [2002-2005]
  - Treasurer [2003-2004]
  - Board Chairman [2004-2005]
  - Northeast/Mid-Atlantic Regional Director [1999-2002]
- Chair Northeast/Mid-Atlantic Regional Conference [2001]
- NAPFA Foundation:
  - Vice President [2005-2017]
  - President [2011-2013]
  - Board Member [2005-present]
  - Treasurer/Secretary [2020-present]
- Rotary:
  - District Governor [2020-2021]
  - Assistant District Governor [2014-2018]
  - Kingdom Impact Rotary Club: Member [2023-Present], Secretary [2023- Present]
  - Saint Johnsbury Club: Member [2007-2023], President [2012-2013], Secretary [2013-2023]
  - Barre Club: Member [1997-2007], President [2001-2002], Rotarian of the Year [1999], Secretary [2002-2004]

### **Item 3 Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item. There are no criminal or civil actions, administrative enforcement proceedings, self-regulatory organization enforcement proceedings or any other proceedings applicable to the firm or Mr. Milne.

### **Item 4 Other Business Activities**

Mr. Milne is primarily engaged in investment advisory activity through the Milne Financial Planning, Inc. He also owns residential and commercial real estate properties in which he receives rental income, and accounts for less than five percent of his time.

He is not registered nor has an application pending to register as a registered representative of a broker/dealer or associated person of a futures commission merchant, commodity pool operator, or commodity trading advisor. Therefore, Mr. Milne does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including that as a registered representative of a broker/dealer, and including distribution or service ("trail") fees from the sale of mutual funds.

Neither the firm nor Mr. Milne has a material relationship with the issuer of securities.

Mr. Milne also serves the St. Johnsbury Rotary Club, both as a board member and as Secretary.

NAPFA Foundation – Mr. Milne is a founding board member of the foundation. In the past Mr. Milne served as President, Vice President, Treasurer/Secretary and currently continues his service on the board.

Thaddeus Stevens School - Mr. Milne serves on the board as Treasurer.

### **Item 5 Additional Compensation**

Mr. Milne is not compensated for advisory services involving performance-based fees.

### **Item 6 Supervision**

Mr. Milne serves in multiple capacities with the firm such as President Member, Firm Principal, and Investment Advisor Representative. The firm recognizes that not having all organizational duties segregated may potentially create a conflict of interest; however, the firm employs policies and procedures to ensure timely recordkeeping and supervision. Certain functions may be outsourced to assist in these efforts when deemed necessary. Questions relative to the firm, staff, its services, or this ADV Part 2 may be made to the attention of Mr. Milne at (802) 249-7107.

Additional information about the firm, other advisory firms, or associated investment advisor representatives is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A search of this site for firms or their associated personnel can be accomplished by name or a unique firm identifier, known as an IARD number. The IARD number for Milne Financial Planning, Inc. is 116346.

## Item 7 Requirements for State Registered Advisers

There have been neither arbitration awards nor any awards where Milne Financial Planning or Mr. Milne has been found liable in any civil, self-regulatory or administrative proceeding. Neither the firm nor Mr. Milne has been the subject of a bankruptcy petition.

<sup>1</sup>**The CERTIFIED FINANCIAL PLANNER™**, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and several other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a bachelor's degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances.
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following on-going education and ethics requirements to maintain the right to continue to use the CFP® marks:

Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and

- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.