

**Item 1 – Cover Page**

# **Milne Financial Planning, Inc.**

An Independent *Fee-Only*

Registered Investment Advisor

770 Railroad Street  
St. Johnsbury, VT 05819  
(802) 476-0602

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

Form ADV Part 2

Firm Brochure

March 1, 2018

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) 476-0602.

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, registration in itself does not imply a certain level of skill or training on the part of the firm or its associated personnel.

## **Item 2 – Material Changes**

The firm has amended its Form ADV Part 2 advisory brochure from the previous version dated April 11, 2017 to incorporate the following changes:

1. Basic Review fee increased from \$595 to \$750.
2. Portfolio Review has been removed. We will still offer this service, but not as a titled review. Instead, this work will utilize the firm's hourly rate.
3. Full Review name changed to Full Financial Plan and the rate has been increased from \$3,000 to \$3,500. Adjustments to the scope of the engagement also changed.
4. Hourly rate increased from \$250 to \$275 per hour.
5. Following the Basic Review or Full Financial Plan service, hourly engagements have been limited to three separate occasions.
6. On-going Annual Review service minimum increased from \$1,650 to \$2,250.
7. On-going Semi-Annual Review service minimum increased from \$2,500 to \$3,000.
8. Discount applied to On-going Semi-Annual Review to calculate the On-going Annual review service decreased from 30% to 25%.
9. Fee applied to Investable Assets for On-going Annual and Semi-Annual Review clients increased from 0.35% to 0.375%.
10. Cost of additional meetings for Semi-Annual review clients changed is no longer a fixed \$500. Additional meetings will be calculated using the firm's hourly rate.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's Website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may contact our firm at (802) 476-0602.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

***Important Information:*** Throughout this document, Milne Financial Planning, Inc. shall also be referred to as the "firm," "our," "we" or "us." The client or prospective client may also be referred to as "you," "your," etc., and refers to a client engagement involving a single *person* as well as two or more *persons*. The term "adviser" and "advisor" are used interchangeably where accuracy in identification is necessary (i.e., Internet address, etc.).

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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 1996, 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 particular 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.

#### **Client Assets Under Management**

As of December 31, 2017, our firm had approximately \$51,274,473 million<sup>1</sup> dollars of client assets under management; \$40,432,032 million through discretionary account agreements and \$10,842,411 million under non-discretionary authority (as defined in Item 16).

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 or their legal agent 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 first 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 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 on-going services. One-time services (Basic Review and Full Financial Plan) are for clients who are looking for guidance with their finances but will implement 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 on-going service or re-engages the advisor for advice.

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<sup>1</sup>The term "assets under management" and rounding to the nearest \$100,000 are as defined by the SEC's 2014 General Instructions for Part 2 of Form ADV.

Milne Financial Planning may suggest additional meetings for one-time clients but it is the client's responsibility to initiate these reviews. An appropriate 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.).

On-going clients may or may not have regularly scheduled meetings. Areas of concern to the client may be reviewed by the firm or outsourced to other experts for additional review. The financial advice may include specific financial and investment strategies as well as specific recommendations, such as equity, fixed income and insurance products.

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 or Full Financial Plan service. Once clients have completed one of these services, they may choose to have additional hourly service or become an on-going client at the discretion of the firm. On-going services include the Annual Review and Semi-Annual Review.

**Basic Review (New Clients)** - This service is a starting point and a specific need(s) service that is not intended to be a comprehensive plan. Though the initial questioning is holistic in nature, the final result is not a comprehensive analysis (see Full Financial Plan). This one-time interactive meeting is based on each client's unique circumstances and is structured to answer the client's question(s). The meeting typically lasts two to three hours in length and clients are welcome to take notes and any illustrations created during the meeting.

The scope of this meeting is often limited to time. Depending on the client's individual circumstances, the meeting may cover only one area of concern (such as retirement planning) or it may cover multiple areas of concern. The Basic Review Service ends with the conclusion of the meeting, however, additional support is available hourly. Client's may utilize hourly services on three separate occasions after a Basic Review meeting. Those who need continuous support should inquire about our on-going services.

**Full Financial Plan (New Clients)** – The Full Financial Plan service is often the result of a client specific need but the service is intended to review all aspects of a client's finances, goals and future. Though the questioning is holistic in nature, the result may or may not be considered a comprehensive plan. Each client's needs, goals and circumstances are unique and the focus is on meeting these unique needs.

The Full Financial Plan service includes a written document outlining the client's current financial position and includes comments, suggestions and specific recommendations. The resulting report is often used as the "roadmap" in implementing the agreed upon recommendations. The Full Financial Plan engagement may last up to 6 months. If future hourly service is needed following the Full Financial Plan, clients may utilize hourly services on three separate occasions. Those who need continuous support should inquire about our on-going services.

### ***On-Going Clients***

Various services are offered to On-Going Clients. The primary reason a client utilizes the firm's on-going service is for portfolio management. Portfolio reviews are client-specific, and on-going services may not be similar across the entire client base of the firm. Reviews may be in-person or by email, phone or Skype and Milne Financial Planning reserves the right to determine the number of meetings that is appropriate.

**Semi-Annual Review (On-Going Clients)** - This service provides up to two reviews over the course of a twelve-month period to address relevant financial planning issues and review the portfolio. Reviews are often completed and emailed or mailed to clients for their review and analysis outside of the meetings is limited. The Semi-Annual

Review is often required for first-year clients and some clients will be requested to remain semi-annual review clients. This service also includes phone and e-mail consultation support.

**Annual Review (On-Going Clients)** - This service provides up to one review over the course of a twelve-month period to address relevant financial planning issues and review the portfolio. Reviews are often completed and mailed/emailed to clients for their review and analysis outside of the meeting is limited. This service also includes phone and e-mail consultation support.

**Additional Meetings** – Available as needed at the firm’s hourly rate.

#### Educational Workshops

Appropriately trained and registered associated personnel of Milne Financial Planning may provide educational workshops on an “as announced” basis for groups desiring general advice on investments and personal finance. Topics may include issues related to wealth management, financial planning, retirement strategies, or various other economic and investment topics.

Such workshops or programs are purely educational in nature and do not involve the sale of any investment products. Information presented will not be based on any one person’s need, nor does the Milne Financial Planning provide individualized investment advice to attendees during these sessions.

#### Third-Party Investment Management Services

Following our planning engagement, we may recommend that you engage an institutional investment manager to serve your portfolio. Prior to recommending a third-party investment manager, we will conduct what we believe to be an appropriate level of due diligence that includes ensuring the third-party manager is appropriately registered or notice-filed within your state of residence. Clients may be required to maintain a minimum account size to be eligible for this service, and certain third-party managers may require a higher asset-level to invest in their program. We will inform you in advance of each manager’s minimum investment criteria.

Under this type of engagement, we will gather input from you about your financial situation, investment objectives, reasonable restrictions you may want to impose on the management of the account, and we will then provide this information to the third-party investment manager to develop your portfolio. Third-party managers will invest on behalf of a client account in accordance with the strategies set forth in their own disclosure documents which will be provided to you by our firm prior to your employing these strategies. The selected third-party investment manager assumes discretionary authority over an account, and some of these programs may not be available for those clients who prefer an account to be managed under a non-discretionary engagement or who may have other unique account restrictions. At least annually thereafter a review will be performed from both a compliance and performance perspective to determine whether the selected third-party investment manager remains an appropriate fit for your portfolio.

#### 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 certain 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 particular 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 \$750 and is due at the end of the meeting unless other arrangements are made.

**Full Financial Plan** - The cost is \$3,500 with \$1,750 due at the beginning of the engagement and \$1,750 due at the end of the engagement unless other arrangements are made.

### **Current Clients and On-Going Services**

Milne Financial Planning fees for on-going clients are calculated by first determining a flat fee based on net worth and then adding a percentage of investable assets. A client's net worth is determined and compared to the flat fee scale. The flat fee recognizes that there is a base level of planning, overhead, and analysis that is part of every client relationship. The increasing flat fee reflects higher net worth clients generally involve additional complexities and work. Added to this base fee are a percentage of investable assets. Investable assets is a broad based number (see Investable Assets below) and reflects the portfolio used in determining investment allocation. The intent of the investable asset portion of the fee is to be "all inclusive" to prevent decisions and recommendation from being compensation sensitive.

For example, a client may have investments at TIAA, but charging on all investable assets (including TIAA); our firm is not financially incented to transfer the money to the firm's custodian of record where it has an institutional services agreement. The flat fee and the investable asset fee are added together to determine the client fee.

### **Net Worth**

- The net worth of the client is determined by adding all client assets and then subtracting all debt. The assets included; cash, money market accounts, CDs, brokerage accounts, individual bonds, stocks, retirement accounts (e.g., 401k, 403b, and 457 plans), real estate (including the house), land, investment real estate, and personal assets.
- Debts include all mortgages, car loans, school debts, credit cards and money other legal debts.

## Investable Assets

- Investment assets included: cash (e.g., checking, savings, money market accounts, CDs), EE Bonds, stocks, all types of corporate and government bonds, mutual funds, exchange traded funds (ETFs), annuities, brokerage accounts, retirement accounts, work retirement plans (e.g., 401k, 403b, and 457), and deferred compensation plans.
- Cash value of life insurance and investment real estate are not considered investable assets, though they may be used in the portfolio allocation.

The listing of assets and debts included above for Net Worth and Investable Assets is thought to be a complete list, but it is possible certain investments considered to be part of a client portfolio may not be listed above. If there is any question of what may or may not be included, clients are encouraged to ask.

For those clients signing a client agreement a listing of included investable assets is part of the Fee Worksheet as is the client's net worth. Clients are requested to sign the Fee Worksheets indicating their acceptance of the numbers used in the calculation and the contracted fee.

The information used for investable assets and net worth is the information our firm has at the time the contract begins or a renewal date. Depending on various circumstances, the date of the values (such as brokerage statements not held at our selected custodian of record and company retirement plans) are often historical values.

Before signing the Fee Worksheet, clients are encouraged to provide updated values. All of the firm's custodian of record accounts will use current values.

<u>Flat Fee Calculation (Part 1)</u>		<u>Investable Assets Calculation (Part 2)</u>			
Net Worth	Flat Fee	Investable Assets x 0.375%			
\$0 to \$250,000	\$500	<table border="1"> <thead> <tr> <th colspan="1"><u>Total On-Going Fee Calculation</u></th> </tr> <tr> <td><b>Semi-Annual Review</b> Flat Fee Calculation + Investable Asset Calculation</td> </tr> <tr> <td><b>Annual Review</b> Semi-Annual Review less 25%</td> </tr> </thead> </table>	<u>Total On-Going Fee Calculation</u>	<b>Semi-Annual Review</b> Flat Fee Calculation + Investable Asset Calculation	<b>Annual Review</b> Semi-Annual Review less 25%
<u>Total On-Going Fee Calculation</u>					
<b>Semi-Annual Review</b> Flat Fee Calculation + Investable Asset Calculation					
<b>Annual Review</b> Semi-Annual Review less 25%					
\$250,001 to \$500,000	\$750				
\$500,001 to \$750,000	\$1000				
\$750,001 to \$1,000,000	\$1,250				
\$1,000,001 to \$1,500,000	\$1,750				
\$1,500,001 to \$2,000,000	\$2,250				
\$2,000,001 to \$2,500,000	\$2,750				
\$2,500,001 to \$3,500,000	\$3,750				
\$3,500,001 and above	\$5,000				

***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 investable assets.***



The fee charged clients is all inclusive as Milne Financial Planning feels this type of fee best represents the approach and work provided. However, clients should recognize that the all-inclusive nature of the fee calculation may have disadvantages. For example, the percentage charged on some investments included in investable assets may earn less than the fee being paid. Depending on current interest rates, cash is an asset that may not earn more in interest than the advisory fee charged by our firm.

The On-going fee is calculated as a Semi-Annual review, two reviews per year. For clients preferring only one review a year, the calculated Semi-Annual Review service fee is discounted by 25% to determine the Annual Review Fee. The minimum fee for the on-going Annual Review service is \$2,250. The minimum fee for the on-going Semi-Annual Review service is \$3,000.

### Fee Examples

Client Net Worth	Net Worth Fee (Part 1)	Client Investable Assets	Investable Asset Fee (Part 2)	On-going Semi-Annual Review Fee (Part 1 + Part 2)	On-going Annual Review Fee (Semi-Annual x .75)
\$350,000	\$ 750	\$ 250,000	\$ 937.50	\$ 3,000.00**	\$2,250.00**
\$850,000	\$1,250	\$ 650,000	\$2,437.50	\$ 3,687.50	\$2,765.63
\$1,250,000	\$1,750	\$1,000,000	\$3,750.00	\$ 5,500.00	\$4,125.00
\$3,000,000	\$3,750	\$2,500,000	\$9,375.00	\$13,125.00	\$9,843.75

\*\*Minimum fee applied since calculated fee was below the minimum.

Minimum fees apply if the client fee is less than the minimum fee listed. For on-going Semi-Annual clients wanting additional reviews (more than two), each additional meeting is billed hourly at the current rate of \$275 per hour. Our fee will not exceed 2.00% of investable assets.

### Entity Clients

**Investment Management - Trusts/Guardianships/Associations/Organizations** - This service manages money for Trusts, Guardianships, Associations and Organizations including Non-Profits. The fee for this service is 0.50% of the portfolio; one-quarter (1/4) of the 0.50% portfolio fee is billed every three months in advance. The minimum fee is \$3,000 per periodic review.

### **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.

**Renewal Fees** - The renewal fee will be calculated based upon information available to the firm. The client will typically be provided with a fee worksheet reflecting the firm's calculation of investable assets and net worth. The client is requested to sign the fee worksheet. When it comes time to renew client fees, Milne Financial Planning will assume a client accepts the calculated Fee-Worksheet if is not returned within 60 days of the renewal date.

**Billing Cycle** - One-quarter (1/4) of the annualized 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 on-going 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 from the current on-going service, significant changes in client circumstances, and providing advice on life insurance and real estate.

#### Third-Party Investment Management Fees

Each third-party investment manager program has a stated fee range that will be described to you through the use of that investment manager's disclosure documents and prior to your selection of the manager. We will inform you in advance as to whether the selected third-party investment manager(s) will allow for account aggregation for the purpose of fee discounts.

The annualized asset-based fee typically ranges from 0.25% to 1.50% (25 to 150 basis points). The third-party manager's fee is separate from the fee charged by our firm for our services, which range from 0.25% to 1.00% (25 to 100 basis points) and which we will describe to you in your engagement agreement. The total amount of the fee paid by the client, including both our firm's fee and the third-party manager's fee, will not exceed 2.0%.

Investment management services fees, including debits and credits, will be noted on account statements that you will receive directly from the custodian of record on a quarterly or more frequent basis. We are not directly involved in the billing process of third-party investment accounts. We urge you to verify the accuracy of fee calculations; the custodian may not verify the accuracy of third-party manager fees for you.

Your written authorization is required in order for the custodian of record to deduct advisory fees from your investment account. By signing the custodian account documents, you will be authorizing the withdrawal of fees from your account. The withdrawal of these fees from your account will be accomplished by the custodian of record. Most third-party managers do not allow for direct payment (e.g., payment by check, etc.).

#### Hourly Rates

On-going services clients may schedule appointments as time allows and may pay for these services on an hourly basis at the then current hourly rate. Hourly work is currently billed at \$275 per hour. Clients may utilize hourly services on three separate occasions after a Basic Review or Full Financial Plan service. Those who need continuous support should inquire about our on-going services.

#### Educational Workshop Fees

Milne Financial Planning may impose a fee for educational workshops. Generally, the employer, civic or non-profit group sponsoring the workshop will pay any fees charged by the firm. In the event there is a charge to workshop attendees, the fee will be published in the workshop announcement or invitation.

Fees for workshops will typically be based on an hourly rate of \$350 per hour and are negotiable at the discretion of the firm. Travel expenses and expenses for supplies will be in addition to hourly fees. All fees are due to the advisor upon completion of the workshop.

*In all instances, the client bears responsibility for verifying the accuracy of fees noted in their invoice/statement. Additional information with respect to our fees and business operations may be found in Item 12.*

NOTE: We reserve the right to suspend any advisory service once an account is deemed past due, and we may not allow a client account to be re-engaged until payment has been made.

#### 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, exchange-traded notes (ETNs), 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 and/or third-party investment manager 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.

Clients are expected to provide an adequate level of information and supporting documentation to the firm throughout the term of the engagement, including source of funds, income levels, client or legal agent’s authority to act on behalf of the account, among others. This will allow the firm to determine the appropriateness of its financial planning or investment strategy for the client or account.

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). Third-party investment managers may impose minimums, and we will inform you of these in advance if such services are recommended.

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 is evaluated. 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 takes into account 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/ETNs, 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 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 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 a number of factors that make up the final stock allocation target.*

### Socially Responsible Investing

Milne Financial Planning services includes both socially responsible 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 to potentially produce the highest possible return for a given level of risk, 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.

Whenever employing a passive, efficient markets strategy, an investor should consider the potential risk that their broader allocation may generate lower-than-expected returns than that from a specific asset, and that the risk on each type of asset is a deviation from the average return from the asset class. The firm believes this variance from the "expected return" is generally low under normal market conditions if the portfolio is made up of diverse assets.

Investment vehicles such as ETFs have the potential to be affected by "active risk" or "tracking error risk," which might be defined as a deviation from their stated benchmark (index). Since the core of a portfolio designed by the firm may attempt to closely replicate a stated benchmark, the source of the tracking error or deviation may come

from a “sample index” ETF that may not be exactly congruent with the stated benchmark. In these instances, the firm may choose to reduce the weighting of a holding or use a “replicate index” ETF as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio.

Further, while many ETFs/ETNs 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/ ETN 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.

Those clients that desire the employment of more frequent trading strategies may experience additional transactional costs or create taxable events that will be borne by the client, thereby potentially reducing or negating any benefit derived by shorter term investing.

### **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.

The external portfolio managers that we may recommend to you are required to be registered as investment advisors. If we recommend that your portfolio be created and maintained by an external manager, we will first ensure that their firm is appropriately registered and/or notice-filed within your state of residence. As referenced in Item 5 of this brochure, each firm is compensated for their respective services by the client. We will review our recommendations and “mix of business” in light of our client’s needs, goals and objectives with respect to all of our portfolio management offerings.

There is also the potential for clients’ fees assessed via these engagements to be higher than had a client obtained them directly from an external portfolio manager or the client were able to purchase similar underlying investments on their own. Clients are encouraged to review all of our offerings and their stated fees prior to the engagement, and each client has the option to purchase recommended or similar investments through their own selected service provider. It should be noted that certain third-party managers and/or underlying investments may not be available to self-directed investors or at the same cost.

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.

The firm and its investment advisor representatives also adhere to the **Fiduciary Oath** developed by NAPFA that states:

*The advisor shall exercise his/her best efforts to act in good faith and in the best interests of the client.*

*The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality or independence of the advisor.*

*The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product.*

*The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business.*

*Following the NAPFA Fiduciary Oath means I shall:*

- *Always act in good faith and with candor*
- *Be proactive in disclosing any conflicts of interest that may impact a client*
- *Not accept any referral fees or compensation contingent upon the purchase or sale of a financial product.*

The following is NAPFA's mission, core values and vision statements. Though they are not specifically part of the firm's mission or vision statement, they are certainly part of Mr. Milne's philosophy.

***NAPFA Mission:*** *To promote the public interest by advancing the profession of financial planning based upon all of our core values, thereby improving the quality of clients' lives.*

#### **NAPFA Core Values**

***Competency:*** *Requiring the highest standards of proficiency in the industry.*

***Comprehensive:*** *Practicing a holistic approach to financial planning.*

***Compensation:*** *Using a Fee-Only model that facilitates objective advice.*

***Client-centered:*** *Committing to a fiduciary relationship that ensures the client's interest is always first.*

***Complete Disclosure:*** *Providing an explanation of fees and potential conflicts of interest.*

***NAPFA Vision: The public recognizes that NAPFA advocates the highest standards for personal financial planning and that NAPFA Registered Financial Advisors are the most trusted advisors of choice.***

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 in order 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 of 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 investment advisors, 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 modern technology continues to be a large part of Milne Financial Planning. Though the firm may never be entirely certain anyone's data is protected in the virtual world we live in today, the firm has taken the steps necessary to protect its data. The firm may employ a number of virtual employees (administrative support located outside of the office) as well as using web-based software and offsite web-based data cloud storage, all through secure technology.



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 of 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 similar to those recommended to clients for their accounts and buy securities not recommended to clients. The firm may also make recommendations or take action 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.

In an effort 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

Milne Financial Planning is not legally affiliated with any service provider. When engaged to provide investment supervisory services, the firm may recommend using the service provider with whom the prospective client's assets are currently maintained. The firm will generally suggest the institutional services division of TD Ameritrade, Inc. ("TD Ameritrade"), Member FINRA/SIPC/NFA. Neither the firm nor any associate of the firm is registered with or supervised by TD Ameritrade or any custodian.

The firm believes the selection of TD Ameritrade as its custodian of choice is due to what the firm would describe as the investment advisor industry's "best practices;" combining the elements of low (not necessarily the lowest) transaction costs to the client for the benefit of custody of client's securities, and service to both the client and the firm in its efforts to better serve their account. Such services involve, for example, handling client distribution or withdrawals, account billing services, electronic client statements, national or regional educational meetings involving investments and client services, etc. Research is also a modest consideration.

It is the firm's policy to restrict non-cash compensation (termed "soft dollars" in certain jurisdictions) to those products or services that enhance its ability to render quality advice and service to all of its clients that utilize any services provided by TD Ameritrade. Although the firm may maintain a majority of its business with TD Ameritrade, it derives no special benefit (any more than any other investment advisory firm on TD Ameritrade's advisory platform) from doing so, nor does it "pay up" to receive these additional services.

Industry fees and schedules periodically change; subsequently, transaction fees charged by a custodian, such as TD Ameritrade, may be higher or lower than those charged by other service providers. The firm believes, in good faith, that the rates are reasonable in relation to the value of the services received.

The fees paid by firm clients will also comply with the firm's duty to obtain "best execution" (as further defined in a following paragraph). The firm conducts periodic assessments of TD Ameritrade, their range of services and capabilities, as well as the reasonableness of their fees, in comparison to other equivalent industry providers.

Accounts served by a third-party investment manager are to be maintained at one or more custodians that have been selected by the respective third-party investment manager and they will be disclosed in the third-party investment manager's disclosure documents and account opening forms.

### 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 or engage in directed brokerage involving its accounts. The firm recognizes its obligation in seeking "best execution" for its clients, however, it is the firm's belief that the determinative factor is not always the lowest possible cost but whether the selected service provider's transactions represent the best "qualitative" execution while taking into consideration the full range of services provided. Therefore, the firm will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction.

The firm periodically reviews its policies regarding recommending service providers to clients in light of its duty to seek "best execution."

The client may direct the firm to use another particular broker-dealer to execute some or all transactions for the client's account. In these circumstances, the client is responsible for negotiating *in advance of the transaction* the terms and/or arrangements for their account with their selected broker-dealer. The firm will not be obligated to

seek better execution services or prices from these other broker-dealers, nor be able to aggregate client transactions for execution through other custodians with orders for other accounts managed by the firm.

As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Further, pursuant to the firm's obligation of best execution, it may decline a client's request to direct brokerage if the firm believes any directed brokerage arrangement would result in additional operational difficulties, expense, or risk to the firm.

#### 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 as a result of aggregated transactions.

The firm may (but is not obligated to) aggregate orders in an attempt 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. On-going 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.

For accounts served by a recommended third-party investment manager, Mr. Milne will periodically review reports provided to you by your third-party investment manager. We will contact you at least annually to review your financial situation and objectives. We will communicate information to your third-party investment manager as warranted and assist you in understanding and evaluating the services provided by the third-party manager. In certain instances, you may be able to communicate directly with your selected third-party investment manager but we ask that you coordinate the session through our firm.

#### 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. As noted in Items 4 and 5 of this brochure, for our initial and continuing consultation we charge an asset-based fee that is paid by the client in addition to the fee the client pays to the third-party investment manager. Please refer to Items 10 and 12 for additional information.

The firm participates in a referral arrangement with the Bank of the Internet where certain customers of the bank may be referred to the firm for financial planning services, and the firm may receive benefits and higher interest rates. 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 TD Ameritrade), 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”).

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 is not to be collected for its services to be performed more than six months in advance *and* in excess of \$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.

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<sup>2</sup> The firm believes this arrangement is in consonance with SEC No-Action Letter No. 1251421 (January 25, 2002) in its response to the National Football League Players Association.

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. Similar to 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 in order 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.

Should the client desire an account to be managed in a non-discretionary manner, thereby restricting execution of any or all transactions to occur following client approval, the firm in its discretion has the authority to either terminate the account or continue to manage the account under a higher asset-based fee. Non-discretionary investment services clients must make themselves available and keep the firm apprised of their current contact information so that transaction instructions can be efficiently affected on their behalf.

Third-party investment managers generally provide their services on a discretionary basis as described above. If you require your account be managed on a nondiscretionary basis, you should be aware that most third-party investment managers retain the right to either refuse or terminate an account, or continue to manage the account under a higher asset-based fee due to increased operational costs. We will inform you in advance of the recommended third-party manager's requirements involving investment authority. Note that we do not have discretionary authority over a client account under this form of advisory engagement.

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 manner in which 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.

If your account is supervised by a third-party investment manager, you should thoroughly review the third-party investment manager's Form ADV Part 2 to determine their proxy voting policies. Unless stated otherwise, you will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to your holdings. You should consider contacting the

issuer or your legal counsel involving specific questions you may have with respect to a particular proxy solicitation or corporate action.

#### **Item 18 – Financial Information**

With the exception of our having the ability to request the withdrawal of our advisory fees through a qualified, unaffiliated custodian per your written agreement, we will not have further custody of your account assets (described in Item 15). This includes our not collecting fees from you of \$500 or more for services we will perform six months or more in advance.

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 Advisers**

Please see Form ADV Part 2B on the following page.

## **Form ADV Part 2B: Brochure Supplement (Advisory Personnel)**

This brochure provides information about the firm's principal executive 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) 476-0602. Additional information about Milne Financial Planning, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 1 – Firm**

Milne Financial Planning, Inc.  
770 Railroad Street  
St. Johnsbury, VT 05819

(802) 476-0602  
[www.milnefeeonly.com](http://www.milnefeeonly.com)

### **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 and Business Experience

#### ***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
- Institute for Divorce Financial Analyst (IDFA)
- Financial Divorce Association Training
- National Association of Personal Financial Advisors Conferences [1995-Present]

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

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

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

- National Association of Personal Financial Advisors (NAPFA):
  - o Member [1996-Present]
  - o National Board Member [2002-2005]
  - o Treasurer [2003-2004]
  - o Board Chairman [2004-2005]
  - o Northeast/Mid-Atlantic Regional Director [1999-2002]
  - o Chair Northeast/Mid-Atlantic Regional Conference [2001]
- NAPFA Consumer Education Foundation: VP [2005-2017]/President [2011-2013], Board Member [2018-present]
- Rotary:
  - o District Governor Nominee Designate [2017-2018]
  - o Assistant District Governor [2014-2018]
  - o Saint Johnsbury Club: Member [2007-Present], President [2012-2013], Secretary [2013-2017]
  - o 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.

**Item 5 – Additional Compensation**

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

Mr. Milne attends various educational conferences and seminars. Exhibitors, such as mutual fund and investment companies, are present at these functions. Many of these exhibitors offer token gifts for stopping at their booth.



Some vendors also have random drawings for prizes. Exhibitors may invite attendees for dinner or other functions. The value of these benefits is difficult to determine but the gifts have included and are not limited to dinners, T-shirts, books, pens, etc. Mr. Milne has been randomly selected for various prizes, including: a golf putter, leather portfolio, and a gym bag. These gifts are considered promotional and at no time do they influence the decision to recommend a product or service.

#### **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) 476-0602.

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.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may also be obtained by calling the Vermont Securities Division at (802) 828-3301.

#### **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 a number of 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 in order 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.

<sup>2</sup>The **Certified Divorce Financial Analyst** (CDFA) is offered through The Institute of Divorce Financial Analysts and requires two years of financial services industry experience, the completion of a self-study course and computer-based examination. Every two years, designation holders must complete 20 hours of continuing education and pay requisite fees to retain the CDFA™ designation.