

# MILNE FINANCIAL PLANNING, INC.

An Independent *Fee-Only* Advisor

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Form ADV Part 2  
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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 Timepiece Financial Planning LLC 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, it does not imply a certain level of skill or training on the part of the firm or its associated personnel.

## **Item 2- Material Changes**

Pursuant to the 2010 SEC *Release IA-3060* and the State of Vermont concurrence, on February 15, 2011, the firm amended its advisory services brochure since its previous Form ADV Part II and accompanying Schedule F dated August 30, 2010. During this revision, the firm enhanced disclosure content throughout the document. The firm has further updated its brochure format on this date, however, no material changes have occurred.

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.

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*This document contains 26 pages is should not be considered complete without all pages.*

#### **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. Mr. Milne (noted in the Item 19) 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.

An estimated 65% of the firm's activities involve providing continuous supervision with respect to the investment of client assets (termed *investment supervisory services*). Milne Financial Planning provides investment supervisory services involving over \$21 million in client assets (as of the firm's last annual amendment); typically under a discretionary account services agreement. 15% of the firm's time is engaged in assisting clients with their accounts not involving investment supervisory services (*investment consulting*). The remaining effort (about 20%) is oriented toward "non-securities advice," such as income and expense planning; risk management, retirement and estate planning, college funding, among others (collectively termed *financial planning services*). 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. During the initial meeting, a current ADV Part 2 with privacy policy will be provided. Should the client wish to engage Milne Financial Planning for its services, parties must enter into a written agreement, with further discussion and analysis conducted thereafter to ascertain financial need, goals, holdings, etc., as provided by the client.

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 evaluating the client's resources, listening and clearly defining goals and objectives, identifying their time horizon and tolerance for risk, and then implementing strategies, suggestions and recommendations to achieve these goals.

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, adviser's beliefs and experience, among other potential factors.

The firm provides both one-time and on-going services. One-time services (Basic Review or Retirement Review) 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 adviser for advice. 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 (Retainer 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 plan 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 have the choice of three services: Basic Review, Retirement Review or Six-Month Retainer. Once clients have completed one of these services, they may upgrade to a higher initial service or become an on-going services client at the discretion of the firm. On-going services include hourly work, Annual Review, Semi-Annual Review, and the Quarterly Review.

**Basic Review (New Clients)** - This service is a specific need(s) service and is not intended to be a comprehensive plan. Though the initial questioning is holistic in nature, the final result is not a comprehensive analysis. This one-time meeting is based on each client's unique circumstances. The meeting is interactive and is structured to answer the client's question(s). These meetings are typically three hours in length. Clients are welcome to take notes and any illustrations created during the meeting are the client's to keep. 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 portfolio allocation). Clients having multiple questions or looking for a written summary of the meeting may prefer the Retirement Review.

**Retirement Review (New Clients)** - This service is a specific need(s) service and is not intended to be a comprehensive plan. Though the initial questioning is holistic in nature, the final result is not a comprehensive analysis. This one-time meeting is based on each client's unique circumstances. The meeting is interactive and is structured to answer the client's questions. The meeting typically works well for clients with questions based around retirement (though the service can be used by anyone). The advantages of the Retirement Review over the Basic Review are a deeper analysis and a written summary report is provided. This meeting works well for clients looking for a one-time review of their financial circumstances. These meetings are typically three hours in length.

**Six-Month Retainer (New Clients)** - This is a more in-depth initial service offered by the firm. During the six-month period, all financial planning issues are addressed, such as asset allocation, specific investments, investment implementation, tax planning, retirement planning, estate planning, college education planning, insurance planning and cash flow planning. The potential advantage of this service is the process is slowed down and provides implementation to the extent of what can be accomplished

in the six-month time frame. This service works well for those clients seeking a thorough review and assistance in carrying out suggested recommendations. Typically, there are three meetings during the six-month period. After six-months, clients choose one of the on-going relationships.

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

Various services are offered to On-Going Clients. The primary reason a client retains the firm for ongoing service is for portfolio management. Portfolio reviews are client-specific, and ongoing services may not be similar across the entire client base of the firm.

**Quarterly Retainer (On-Going Clients)** - This service provides up to four reviews over the course of a twelve-month period to review the various financial planning issues. These areas may include; asset allocation, specific investments, investment implementation, tax planning, retirement planning, estate planning, college education planning and cash flow issues. Analysis outside of the meeting is limited. This service also includes phone and e-mail consultation support.

**Semi-Annual Retainer (On-Going Clients)** - This service provides up to two reviews over the course of a twelve-month period to address relevant financial planning issues. These reviews may include; asset allocation, specific investments, investment implementation, tax planning, retirement planning, estate planning, college education planning and cash flow is provided within the time available. Analysis outside of the meetings is limited. This service also includes phone and e-mail consultation support.

**Annual Retainer (On-Going Clients)** - This service provides up to one review over the course of a twelve-month period to address relevant financial planning issues. This review may include; asset allocation, specific investments, investment implementation, tax planning, retirement planning, estate planning, college education planning and cash flow is provided within the time available. Analysis outside of the meeting is limited. This service also includes phone and e-mail consultation support.

### **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.

### **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 (New Clients)** - The cost of the Basic Review is a one-time fee of \$695 and is due at the end of the meeting unless other arrangements are made.

**Retirement Review (New Clients)** - The cost is a one-time fee of \$1,575 and the fee is due at the end of the meeting unless other arrangements are made.

**Six-Month Retainer (New Clients)** - The client's fee will be 0.45% of the client's investable assets plus 0.45% of the client's income. 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.

The minimum fee for this service is \$3,500. Fees are due in increments; one-third (1/3) upon execution of the advisory agreement, one-third (1/3) two months after the initial payment, and the balance due four months after the initial engagement.

## Current Clients and On-Going Services

**Quarterly Retainer (On-Going Clients)** - The client's fee will be 0.45% of the client's investable assets plus 0.45% of the client's income. The client will be quoted the fee prior to initiating services. The minimum fee for the Quarterly Retainer is \$2,500.

**Semi-Annual Retainer (On-Going Clients)** - The client's fee will be 0.35% of the client's investable assets plus 0.35% of the client's income. The client will be quoted the fee prior to initiating services. The minimum fee for the Semi-Annual Retainer is \$2,000, which is billed on a quarterly basis.

**Annual Retainer (On-Going Clients)** - The client's fee will be 0.25% of the client's investable assets plus 0.25% of the client's income. The client will be quoted the fee prior to initiating services. The minimum fee for the Annual Retainer is \$1,250, which is billed on a quarterly basis.

**Account Fees On-Going Services Prior to 1/1/2008** - As of January 1, 2008 the firm has grandfathered on-going fees for existing clients as indicated below.

**Quarterly Retainer (On-Going Clients)** - This service is as defined in similar earlier sections. The client's fee will be 0.3125% of the client's investable assets plus 0.50% of the client's income. The minimum fee for the grandfathered Quarterly Retainer is \$2,000.

**Semi-Annual Retainer (On-Going Clients)** - This service is as defined in similar earlier sections. The client's fee will be 0.2084% of the client's investable assets plus 0.3125% of the client's income. The minimum fee for the grandfathered Semi-Annual Retainer is \$1,500, billed on a quarterly basis.

**Annual Retainer (On-Going Clients)** - This service is as defined in similar earlier sections. The client's fee will be 0.1667% of the client's investable assets plus 0.25% of the client's income. The minimum fee for the grandfathered Annual Retainer is \$975, billed on a quarterly basis.

For ongoing services, one-quarter (1/4) of the annualized fee is billed every three months in advance.

## Entity Clients

**Investment Management - Trusts/Guardianships/Associations/Organizations** - This service manages money for Trusts, Guardianships, Associations and Organizations. 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 \$1,750 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 income.

**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 retainer 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 and significant changes in client circumstances.

#### 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 \$250 per hour.

#### 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 adviser 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.*

#### 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 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, exchange-traded 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.

Following termination notice, it will remain the client or their legal representative's responsibility to ensure an immediate 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.

## **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).

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 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.

Recommendations the firm provides are based on publicly available reports, analysis and research materials, computerized asset allocation modeling programs, and various industry subscription services.

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 determines 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 stocks 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.*

Milne Financial Planning offers guidance involving both socially responsible investment recommendations along with non-socially responsible investment portfolios. The majority of clients are invested in non-social portfolios. A percentage of clients have fully social responsible portfolios or hold a majority of socially responsible investments, although interest in socially sustainable investing has been increasing.

### 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, operational or political risk, among others.

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 as closely align 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.

Milne Financial Planning is a member of the Garrett Planning Network (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) 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 advisers 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, family; where client's 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 process.

The information gathered includes, but is not limited to, Social Security or Tax Identification numbers, birth date, net worth, 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 advisers, 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.

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 employs a number of virtual employees (administrative support located outside of the office) as well as web-based software and offsite web-based data 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 adviser has attempted to minimize conflicts by working on a fee-only basis, however, not all conflicts can be eliminated. For example, the adviser 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 adviser's interest to increase the scope of the project. If a client uses one of the on-going services, then the adviser's fee (adjusted annually) changes as the portfolio increases or decreases. A common question that clients ask that creates a potential conflict is "should we pay off the mortgage?" The conflict results from the adviser's on-going service fees being calculated on the client's investable assets. The client uses these investable assets to pay the mortgage, 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 effect 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. 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. Should the client prefer a new custodian, the firm will suggest the institutional services division of TD Ameritrade, Inc. ("TD Ameritrade").

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) 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.

### 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 effected 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.

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. All reviews are conducted by Mr. Milne, CFP®, President and Principal of the firm.

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

The firm does not currently engage in solicitation activities, as defined by Rule 206(4)-3 of the Investment Advisors Act of 1940 (as amended) or similar state regulation, nor does it pay a direct or indirect fee for referrals.

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. No referral fees are paid to the bank by 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 advisers' 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 adviser client.<sup>1</sup> Further, the firm does not pay for these prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

### **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.

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<sup>1</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.*

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 knowledge of a client's 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 full power of attorney over a client account.

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.

Clients may receive periodic reports from Milne Financial Planning that may summarize account performance. 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.

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 effected on their behalf.

By definition and absent client written instruction to the contrary, non-discretionary account transactions do not involve those with respect to a trade execution's price or time. 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**

### **Proxy Voting**

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.

### **Other Corporate Actions**

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.

### **Firm's Receipt of Materials**

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**

With the exception of our having the ability to withdraw our advisory fees through a qualified, unaffiliated custodian per your written agreement, we will not have custody of your assets as 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.

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

The firm and its management have not been the subject of a bankruptcy petition at any time during the past 10 years.

The firm and its management do not have a financial condition likely to impair our ability to meet our commitment to our clients.

## **Item 19 – Requirements for State Advisors**

Please see ADV Part 2B on the following page.

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

### **Firm**

Milne Financial Planning, Inc.  
770 Railroad Street  
St. Johnsbury, VT 05873  
(802) 476-0602  
www.milnefeeonly.com

### **Principal Executive Officers and Management Persons**

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

James D. Milne, CFP®, CDFA™<sup>1,2</sup>

### **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, Vice-President [2005-2011]
- Financial Planning Association (FPA) [1993-2008]
- Rotary:
  - o Saint Johnsbury Club
    - Member [2007-Present]
    - Vice President [2010-Present]
  - o Barre Club
    - Member [1997-2007]

President [2001-2002]  
Rotarian of the Year [1999]  
Secretary [2002-2004]

### **Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons**

Mr. Milne does not have material disclosures related to:

1. An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500, *involving* any of the following:
  - (a) an investment or an *investment-related* business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.
  
2. An award or otherwise being *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding involving* any of the following:
  - (a) an investment or an *investment-related* business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.

### **Other Business Activities Engaged In**

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.

### **Performance Based Fee Description**

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

### **Additional Compensation**

Mr. Milne attends various educational conferences and seminars. Exhibitors, such as mutual fund 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, Palm Pilot and a gym bag. These gifts are considered promotional and at no time do they influence the decision to recommend a product or service.

## **Material Relationships Maintained by this Advisory Business or Management Persons With Issuers of Securities**

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

### **Disciplinary Information**

Regulatory guidelines require disclosure to the following items and ***none of which apply to Mr. Milne and his background.***

- A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the *supervised person* -
1. was convicted of, or pled guilty or nolo contendere (“no contest”) to
    - (a) any *felony*;
    - (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or
    - (c) a conspiracy to commit any of these offenses;
  2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
  3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
  4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.
- B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the *supervised person*
1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
  2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
    - (a) denying, suspending, or revoking the authorization of the *supervised person* to act in an *investment-related* business;
    - (b) barring or suspending the *supervised person's* association with an *investment-related* business;
    - (c) otherwise significantly limiting the *supervised person's investment-related* activities; or
    - (d) imposing a civil money penalty of more than \$2,500 on the *supervised person*.

C. A *self-regulatory organization (SRO) proceeding* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of the *SRO's* rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from *investment-related* activities; or (iii) fined more than \$2,500.

D. Any other *proceeding* in which a professional attainment, designation, or license of the *supervised person* was revoked or suspended because of a violation of rules relating to professional conduct. If the *supervised person* resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a *proceeding* (and the advisor knows, or should have known, of such resignation or relinquishment), disclose the event.

**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.

<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. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

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, administered in 10 hours over a two-day period, 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 ongoing 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.