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**Firm Brochure**

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Elser Financial Planning, Inc. If you have any questions about the contents of this brochure, please contact us at: 317-731-5615 or by email at: [susan@elserfp.com](mailto:susan@elserfp.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Elser Financial Planning, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Elser Financial Planning, Inc. is 143311.

Elser Financial Planning, Inc is a registered Investment Advisor. Registration with the SEC and other state securities authorities does not imply a certain level of skill or training.

This brochure was last updated on February 12, 2018.

## **Material Changes**

This brochure, dated 2/12/2018, reflects assets under management and number of client accounts as of 12/31/2017.

Below is the one material change to this brochure since the last filing on 1/20/2017.

In February of 2017, the SEC provided clarification of the “Custody Rule” for investment advisors. As a result, EFP amended the “Custody” section (page 9) of this brochure to state that “All client assets are maintained at an independent custodian. EFP’s custody of client assets is limited to deduction of investment management fees, and 1<sup>st</sup> or 3<sup>rd</sup> party money movement only as directed by a client’s letter of authorization to a specifically identified end account.”

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## **Advisory Business**

### **Firm Description**

Elser Financial Planning, Inc. (hereafter referred to as EFP) was founded in 2007. Susan Elser is principal owner of Elser Financial Planning, Inc., and all other shareholders have less than 5%/each ownership of the firm. The firm is not publicly owned or traded.

As of 12/31/2017, EFP manages \$300,021,057 in assets in 452 accounts. These assets are managed on a discretionary basis.

### **Types of Advisory Services**

EFP provides personalized, confidential financial planning and investment management to individuals, trusts, estates and small businesses.

Financial planning is provided through consultation with our clients and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment allocation, education funding, retirement planning and estate planning.

Investment management is provided with our clients' guidance in respect to their overall risk tolerance, tax situation, cash flow needs and desired asset allocation. EFP places trades for clients under a limited power of attorney, and clients receive statements and trade confirmations from an independent custodian.

Investment management agreements may not be assigned without client consent.

EFP is strictly a fee-only financial planning and investment management firm. We do not sell annuities or insurance, nor invest in any mutual funds or limited partnerships that pay a commission or sales load to the firm. We are not affiliated with entities that sell such financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

### **Non-Participation in Wrap Fee Programs**

EFP as a matter of policy and practice does not sponsor any wrap fee programs. By definition, a wrap fee program bundles or wraps investment advice, custody and execution services under one contract for a single fee.

## **Fees and Compensation**

### **Description**

Our fees are based on either a percentage of assets under management, hourly charges, comprehensive financial plan fees or fixed fees. These fees are outlined in greater detail below.

An introductory meeting, which may be by telephone or in person, is free of charge and is an exploratory interview to determine the extent to which our financial planning and/or investment management services may be beneficial to the client.

Our relationship with each client is non-exclusive; in other words, EFP provides investment advisory services and financial planning services to multiple clients. We seek to avoid situations in which one client's interest may conflict with the interest of another of our clients.

### **Comprehensive Financial Planning Services and Fees**

Financial plans are priced according to the degree of complexity and typically range from \$3,500 to \$7,000. Clients are asked to sign a "Letter of Agreement" outlining the scope of the financial plan and the plan fee. In the event that the client's situation is substantially different than disclosed at the onset of the engagement, a revised fee will be provided for mutual agreement.

After delivery of a financial plan, clients can continue to engage EFP on an hourly basis at the rate of \$250 per hour or for a fixed fee.

### **Investment Management Services and Fees**

EFP clients sign an "Investment Advisory Agreement" outlining all aspects of investment management services and fees.

EFP investment management fee is a tiered schedule as follows\*:

Account Balance:	Annual Fee as a % of <u>Assets</u> :
The first \$1,000,000	.65%
From \$1,000,000 to \$1,999,999	.55%
From \$2,000,000 to \$2,999,999	.45%
\$3,000,000 – over	.35%

Family accounts may be grouped when considering account size for fee. Investment management fees are billed quarterly, in arrears, meaning that clients are invoiced after the three-month billing period has ended. The first quarter fees are pro-rated. Generally fees

are deducted from the client's account to facilitate billing. Clients consent in advance to direct debiting of their investment account.

\*Clients with investments of less than \$400,000 may be subject to a minimum annual investment management fee of \$2,500. This fee may be waived in certain circumstances, such as anticipated future deposits, financial planning fees paid, a decline in AUM due to market conditions, etc. Investment management fees may be higher when out of state travel is involved, may be waived at EFP's sole discretion on small accounts and are not charged on EFP employee accounts.

EFP does not receive any compensation, in any form, from fund companies.

### **Hourly Planning Services and Fees**

EFP Associate Planners offer limited scope planning, typically for younger clients, at a rate of \$150/hour.

### **Fixed Fees**

Fixed fees are priced based on the complexity of work and are billed quarterly in arrears.

### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, bonds or stocks. These transaction charges are usually small and incidental to the purchase or sale of a security.

Mutual funds incur internal operating expenses referred to as an expense ratio. For example, an expense ratio of 0.24 means that the mutual fund company charges 0.24% for its services. These fees are in addition to the fees paid by the client to EFP.

### **Termination of Agreement**

Clients may terminate agreements within 5 days of signing the "Letter of Agreement" or "Investment Advisory Agreement" without incurring any fees. At any time after the 5 days, clients may terminate agreements by notifying EFP in writing and may be charged a pro-rated fee.

EFP may terminate agreements at any time by notifying the client in writing and may bill a pro-rated fee for time spent prior to termination.

### **Performance-Based Fees and Side-by-Side Management**

EFP does not accept performance-based fees nor manage accounts which impose performance-based fees.

## **Types of Clients**

EFP provides financial planning and/or investment advice to individuals, business entities, trusts or estates.

EFP typically provides investment management services to clients with portfolios of \$500,000 or greater.

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

### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis and cyclical analysis.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

Other sources of information that we use include Dimensional Fund Advisors research, Charles Schwab & Company's research services and various financial websites.

### **Investment Strategies**

EFP investment clients are required to complete and sign an "Investment Policy Statement" which documents their current investment situation, federal tax bracket, investment knowledge, risk tolerance, investment objectives, time horizon for the invested assets and desired investment strategy.

This information becomes the basis for the strategic asset allocation plan which we believe will best meet the client's stated long term, personal financial goals. The "Investment Policy Statement" is reviewed and updated periodically and clients may request changes at any time.

The investment advice which we provide is based upon long-term investment strategies which incorporate the principles of Modern Portfolio Theory.

We utilize no-load, low-cost, passive, tax-efficient, well-diversified stock and bond mutual funds/ETFs, individual bonds, CD's and other similar investments to develop globally diversified portfolios.

We typically recommend Dimensional Funds Advisors (DFA) stock funds, Schwab Stock ETFs, and Vanguard bond funds/ETFs. The passively managed DFA stock funds offer broad diversification, tilting toward small capitalized companies and seeking a relatively low book value to market value ratio (i.e. "value style" investing). DFA stock funds'

internal expenses are generally lower than the internal expenses incurred by most other stock funds when comparing funds in the same asset class. On a monthly basis we review the Schwab mutual fund reports cards for the mutual funds we use and compare each fund's historical performance, historical risk and internal expense to both the fund category average and the comparable index.

Client portfolios may also include some individual stock securities or individual bonds, but these are generally part of a client's investment holdings prior to becoming a client of EFP.

We generally recommend stock investment strategies that focus on long-term appreciation for tax efficiency. However, we recommend fixed income investment strategies based on the interest rate climate and credit quality.

### **Risk of Loss**

All investments have certain risks. Our investment approach is to educate clients on these risks and select only those risks that they can tolerate in exchange for potential return.

### **Disciplinary Information**

EFP and its employees *HAVE NOT* been involved in legal or disciplinary events related to past or present investment clients.

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

EFP *IS NOT* registered as a broker-dealer, municipal securities dealer, government securities dealer or broker, future commissions merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

EFP *DOES NOT* have any relationship or arrangement that involves any remuneration of fees.

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

EFP has adopted a Code of Ethics in compliance with Rule 204A-1 of the Investment Advisors Act of 1940. The key component of our Code of Ethics states:

*EFP and its investment advisor representatives and employees shall always:*

- *Act in the best interests of each and every client;*
- *Act with integrity and dignity when dealing with clients, prospects, team members and others;*



- *Seek at all times to preserve our firm's independence and to maintain our complete objectivity with respect to our advisory services and each recommendation made to our clients.*

The Code of Ethics further includes our firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information.

To supervise compliance with our Code of Ethics, we require that all employees provide duplicate statements and confirmations on all personal trading accounts to the firm's Chief Compliance Officer on no less than a quarterly basis.

EFP requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to termination.

EFP and its related persons, as a matter of policy, do not recommend to clients nor buy or sell for client accounts, securities in which the firm or its related persons have a material financial interest.

EFP provides that individuals associated with the firm may buy or sell securities for their personal accounts identical or different than those recommended to clients. However, it is the expressed policy of the firm that no person employed by the firm shall prefer his or her own interest to that of the client nor make personal investment decisions based on investment decisions of the clients.

The complete EFP Code of Ethics is available for review by clients and prospective clients upon request.

## **Brokerage Practices**

### **Selecting Brokerage Firms**

Annually, we compare Charles Schwab & Co., Inc., Fidelity and TD Ameritrade as custodians in the areas of proven integrity, financial responsibility, on-going high-quality service, branch office availability and reasonable commission rates of the firm. After evaluating the firms listed, we continue to recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab) to maintain custody of the clients' assets and to effect trades for their accounts. Schwab is a FINRA registered broker-dealer and member of SIPC/NYSE. Schwab Institutional provides EFP with access to them as long as a total of at least \$10 million of our clients' account assets are maintained at Schwab.

Schwab does not charge for custody of clients' accounts, but is compensated by account holders through trading commissions or other transaction-related fees that are executed through Schwab or that settle into Schwab accounts.

The benefits provided by Schwab Institutional include assistance with practice management and assistance with the management of client accounts, including but not limited to: (a) receipt of duplicate client confirmations; (b) receipt of electronic duplicate statements; (c) access to a trading desk serving investment adviser firm participants exclusively and providing research, pricing information, and other market data; (d) access to the investment advisor portion of their web sites which includes practice management articles, compliance updates and other financial planning related information and research materials (including, for example, rating reports on individual companies from Standard and Poors' or other sources); (e) access to Schwab Performance Technologies software and to other vendors (such as insurance or compliance providers or providers of research or other materials) on a discounted fee basis through discounts arranged by the custodian; (f) permitting EFP to access an electronic communication network for client order entry and to access clients' account information which may otherwise assist us with our back-office functions, including recordkeeping and client reporting; and (g) conferences which advisors and employees of our firms may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance and information technology.

EFP *DOES NOT* receive fees or commissions from any of these arrangements or other soft dollars.

### **About Our Relationships with Investment Product Providers**

Following a stringent interview process, EFP was granted access by Dimensional Funds Advisors (DFA) to its mutual funds. Dimensional Funds Advisors is an Austin, TX-based mutual fund company with global assets under management of \$548 billion as of September 30, 2017.

Benefits that EFP receives from DFA, which are also received by other Registered Investment Adviser firms granted access to the DFA funds, include: (a) seminars hosted by Dimensional Funds Advisors at which the investment products of Dimensional Funds Advisors are explained, and academic instruction is given on asset allocation strategies, financial planning and practice management; (b) access to the "financial advisor" portion of the Dimensional Funds Advisors web site ([www.dfaus.com](http://www.dfaus.com)), which contains additional academic research, practice management articles, newsletters, educational video presentations, software and investment returns data; (c) use of the DFA Returns and DFA Allocation Evaluator software programs and accompanying data; (d) various print materials (including article reprints and DFA brochures); (e) practice management conferences and telephone conferences with Dimensional Funds Advisors' team members to discuss specific issues regarding academic research relating to investment theory and/or relating to practice development (marketing) and management issues; (f) participation in a regional study group sponsored and hosted by Dimensional Funds Advisors; and (g) other services and benefits.

We are under no obligation and receive no compensation to recommend DFA mutual funds to our clients. We do not provide any payment to DFA for access to their mutual funds.

## **Review of Accounts**

Periodic portfolio reviews are performed by Susan C. Elser, CFP® , Derek Hamilton, CFP® and other advisory team members to determine if the values in any asset class have strayed beyond a client's target minimums or maximums.

Rebalancing may not be completed for various reasons, such as avoidance of short-term capital gains, deferring long-term capital gains realization, minimization of transaction costs, or the advisor's view on whether the asset class is undervalued or overvalued relative to historic norms. Clients are only contacted in the event that rebalancing actions are recommended.

Additional portfolio reviews are undertaken upon request by the client, such as when special cash needs arise or when additional cash or securities are added to the investment portfolio.

Other conditions that may trigger a review are changes in the tax laws, new investment information and changes in a client's own situation. We may also recommend sales and purchases to affect tax loss harvesting in addition to rebalancing actions.

Investment clients meet with their EFP advisor on at least an annual basis and receive a follow up letter reviewing the meeting topics.

Investment clients receive written quarterly updates from EFP. The written updates include account performance reports, quarterly billing summary and an investment newsletter. Monthly account statements and trade confirmations are provided by mail or electronically to the client directly from Schwab. These statements reflect the account assets and transactions executed in the account.

Clients may also directly access account information via Schwab's secure web site.

## **Client Referrals and Other Compensation**

EFP referrals typically come from current clients, estate planning attorneys, accountants, employees and other similar sources. The firm *DOES NOT* compensate referring parties for these referrals.

EFP does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

EFP receives no other form of compensation from or for client referrals.

## **Custody**

All client assets are maintained at an independent custodian. EFP's custody of client assets is limited to deduction of investment management fees, and 1<sup>st</sup> or 3<sup>rd</sup> party money movement only as directed by a client's letter of authorization to a specifically identified end account. In other words, EFP is *NOT* granted authority to withdraw, transfer or otherwise move funds or cash from any client's account to an EFP employee's account or the account of any other non-authorized third party.

Additionally, any online access granted by a client for accounts not under EFP discretionary management must have "view only" restrictions. This is for the safety of our clients' assets.

## **Investment Discretion**

EFP is granted limited discretion when clients sign the EFP Investment Advisory Agreement and "limited power of attorney" authorization on their accounts forms.

## **Voting Client Securities**

EFP does not vote proxy on securities for any client.

## **Financial Information**

EFP does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients and the owners have never been the subject of a bankruptcy proceeding.

## **Brochure Supplement (Part 2B of Form ADV)**

### **Education and Business Standards**

EFP employees who render investment advice or financial planning services to clients must have a college degree, relevant financial and investment advisory experience and be a Certified Financial Planner practitioner or Paraplanner in good standing with their respective Board of Standards or enrolled in a curriculum designed to achieve such professional designation.

#### **NAPFA-Registered Certified Financial Planner (CFP®):**

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, which 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)
- 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.

- 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.

Financial Paraplanner Qualified Professional (FPQP™): Financial Paraplanner Qualified Professional (FPQP™) designation is awarded by the College for Financial Planning®. FPQP™ designation requirements:

- Completion of the education requirements set by the College for Financial Planning.
- Successful completion of the Financial Paraplanner Qualified Professional Exam.
- Three-month internship and completion of 16 continuing education hours every two years.
- Signed Code of Ethics which includes agreeing to abide by the Standards of Professional Conduct and Terms and Conditions.

All employees are supervised by Susan Elser, CFP®, President of Elser Financial Planning, Inc. Susan reviews work through frequent office interactions as well as remote interactions. Susan can be contacted at: 317-731-5615 or [susan@elserfp.com](mailto:susan@elserfp.com)

The following are *NOT* applicable for any EFP employee:

- Disciplinary Information
- Other Business Activities
- Additional Compensation
- Arbitration Claims
- Self-Regulatory Organization or Administrative Proceeding
- Bankruptcy Petition

## **EFP Employees**

**Susan C. Elser, CFP®**

Year of Birth: 1963

Educational Background:

- Certified Financial Planner (2000)

- Indiana University, B.A. Economics (1985)

Business Experience:

- Elser Financial Planning, Inc. - President and Financial Planner (2007 – present)
- Independent Fee-only Financial Planner (2004 – 2006)
- Oxford Financial Group. Ltd. - Financial Plan Writer (2000 – 2004)
- Charles Schwab & Co - Supervising Broker, Series 7, 8 & 63 (1996 – 2000)

**Derek C Hamilton, JD, CFP®**

Year of Birth: 1976

Educational Background:

- Certified Financial Planner (2013)
- Stanford Law School, J.D. (2003)
- Ball State University, B.A. (1998)

Business Experience:

- Elser Financial Planning, Inc. - Financial Planner (2014 - present)
- PNC Wealth Management - Senior Wealth Planner (2012 – 2014)
- Bingham Greenebaum Doll, LLP- Attorney (2007 – 2012)
- Baker & Daniels, LLP - Attorney (2005 – 2007)
- McDermott Will & Emery, LLP - Attorney (2003 - 2005)

**Jonathan L. Herndon, CFP®**

Year of Birth: 1992

Educational Background:

- Certified Financial Planner (2017)
- Olivet Nazarene University, B.S. Finance, Minors in Accounting, Management and Non-profit management (2015); Dean's List

Business Experience:

- Elser Financial Planning, Inc. – Associate Financial Planner (2015-present)

**Linda D. Murphy, FPQP™**

Year of Birth: 1962

Educational Background: Financial Paraplanner Qualified Professional™ (2006)

Business Experience:

- Elser Financial Planning, Inc. - Financial Paraplanner Qualified Professional and Chief Compliance Officer (2006-present)

**Eric A. Shetter**

Year of Birth: 1967

Educational Background:

- Candidate for CFP® Certification\*
- Masters Equivalent in Economics, Government & U.S. History
- University of Southern Indiana, Teacher Certificate in Economics, Government & U.S. History (1994)

Business Experience:

- Elser Financial Planning, Inc. – Financial Plan Writer (2016-present)
- MSD of Lawrence Twp - Economics Teacher (2001-2016)

**Deborah A. Bushfield, FPQP™**

Year of Birth: 1954

Educational Background: Financial Paraplanner Qualified Professional™ (2016)

Business Experience:

- Elser Financial Planning, Inc. - Financial Paraplanner Qualified Professional (2016-present)

EFP also retains **Sally Tassani** of Tassani and Associates, Inc as a business consultant. Sally provides services to the firm only and has no access to EFP client information or their investments.

\*A CFP® Candidate is someone who has passed the CFP test but has not yet complete the 3 year industry work requirement