

## **RLP FINANCIAL MANAGEMENT**

A State of New York Registered Investment Adviser

### **Form ADV Part 2**

January 1, 2011

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This brochure provides information about the qualification and business practices of RLP Financial Management. If you have any questions about the content of this brochure, please contact us at 518-370-4020 or [arlpfina@nycap.rr.com](mailto:arlpfina@nycap.rr.com). The information in this brochure has not been approved or verified by the United state Securities and Exchange Commission (SEC) or by any state securities authority. While the firm and its personnel are registered with the State of New York, it does not imply a certain level of skill or training on the part of the firm or its personnel.

## **Material Changes**

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## **Section 1 – Advisory Business**

RLP Financial Management was organized in 1997 and has been registered with the State of New York Office of the Attorney General as a Registered Investment Advisor firm since 2003. Ronald L. Plaine is 100% owner and principal of the firm.

We provide Fee-Only, hourly, as-needed financial planning and investment advice services to individuals from all walks of life and age ranges. These services may be general in nature or focused on a particular area of interest or need, depending on the individual's unique circumstances.

An estimated 65% of our activities involve providing investment advice, which may include advice on asset allocation and investment selection, and an estimated 35% of our activities involve providing financial advice, which may include advice on income and expense planning, tax planning, estate planning, retirement planning and education planning.

Regarding the investment advice process, first we gather information about the client's personal financial situation and then conduct a meeting with the client to clarify the client's personal financial information and determine the client's specific needs, objectives, goals and tolerance for risk. Then we recommend a proper asset allocation based on the client's personal financial situation. Then we recommend specific investments to fill out the recommended asset allocation. Next, we recommend that the portfolio be maintained by rebalancing about annually and/or making adjustments as needed. The engagement is concluded upon completion of these recommendations. The client may re-engage us as needed. Periodic reviews are recommended and it is the client's responsibility to initiate these reviews.

Regarding the financial advice process, first we gather information about the client's personal financial situation and then conduct a meeting with the client to clarify the client's personal financial information and determine the client's specific needs, objectives, goals and tolerance for risk. Then we analyze the client's current financial situation and possible future scenarios when appropriate. Next we present a summary of significant observations, assumptions and recommendations in each area we were engaged to provide advice. The engagement is concluded upon completion of this presentation. The client may re-engage us as needed. Periodic financial reviews are recommended and it is the client's responsibility to initiate these reviews.

## **Section 2 – Fees and Compensation**

RLP Financial Management charges fees on a Fee-Only, hourly basis. Fees for financial planning and investment advice services are \$125 per hour, billed in ten minute increments.

We may require a deposit for engagements in the amount of the lesser of \$500 or half of the total estimated fee. The balance of fees due is payable immediately upon presentation of the advice to the client. Fees will not be collected for services to be performed more than six months in advance and in excess of \$500. For each engagement, proposed services and an estimated fee range are detailed in the written service agreement. Either party may terminate an engagement upon written notice within five days of signing the service agreement, at which time no fees are due. If the client terminates the engagement after this date, the client is responsible for any fees already incurred.

In connection with using our services, the client may also incur separate fees and expenses that are charged by mutual funds and/or exchange traded funds (ETFs). We recommend that the client review the investment prospectus for a complete explanation of these fees and expenses. In addition, the client may also incur separate transaction costs or administrative fees from brokerage firms. We recommend that the client obtain a complete schedule of fees from their brokerage firm. We do not receive any portion of these other fees. We do not receive commissions or third-party payments of any kind. The only compensation we receive is in the form of hourly fees paid directly by the client.

### **Section 3 – Performance-Based Fees and Side-By-Side Management**

RLP Financial Management does not charge fees based on a share of capital appreciation of the funds of an advisory contract, also known as performance-based fees. We also do not provide ongoing investment management services, so issues related to side-by-side management are not applicable.

### **Section 4 – Types of Clients**

RLP Financial Management provides its services primarily to individuals. We do not require minimums as to income, assets, net worth, length of engagement, revenues generated or other conditions for engaging our services.

### **Section 5 – Methods of Analysis, Investment Strategies and Risk of Loss**

If RLP Financial Management is engaged to provide investment advice, first we gather information about the client's personal financial situation and then conduct a meeting with the client to clarify the client's personal financial information and determine the client's specific needs, objectives, goals and tolerance for risk. We employ a fundamental, long-term, buy-and-hold philosophy in regards to investment advice. Then we recommend a proper asset allocation based on the client's personal financial situation. We make asset allocation and investment policy decisions using our best judgment to help the client achieve their overall financial objectives and goals while minimizing risk

exposure. We believe that the appropriate allocation of assets across diverse investment categories (i.e. stock vs. bond, foreign vs. domestic, large cap vs. small cap, high quality vs. high yield, etc.) is the primary determinant of portfolio returns and is critical to the long-term success of a client's financial objectives and goals. Then we recommend specific investments, primarily low-cost, no-load and sometimes index investments to fill out the recommended asset allocation. Next we recommend that the portfolio be maintained by rebalancing about annually and/or making adjustments as needed.

While we believe that our investment strategy is designed to potentially produce the highest possible return for a given level of risk, it cannot guarantee that an investment objective or goal will be achieved. Some investment decisions made by us may result in loss, which may include the original principal amount invested. The client must be able to bear the various risks involved in investing, which may include market risk, liquidity risk, interest rate risk, currency risk or political risk among others.

Low-cost, no-load, index investments have the potential to be affected by tracking error risk, which is defined as a deviation from the stated benchmark index.

## **Section 6 – Disciplinary Information**

Neither RLP Financial Management nor any of its personnel have been the subject of a reportable legal or disciplinary event.

## **Section 7 – Other Financial Industry Activities and Affiliations**

Neither RLP Financial Management nor any of its personnel are affiliated with or maintain a material relationship with another financial industry entity. Our policies require that we conduct business activities in a manner that avoids actual or potential conflicts of interest between the firm, personnel and the client, or that may otherwise be contrary to law. We will provide disclosure to the client prior to and throughout the term of an engagement of any conflicts of interest which will or may reasonably compromise our impartiality or independence.

## **Section 8 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

RLP Financial Management has adopted the code of ethics of the Financial Planning Association (FPA) that sets forth the basic policies of ethical conduct for all associated persons of the firm. We accept 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. We will be happy to provide a copy of the code of ethics to any client or prospective client upon request.

Neither RLP Financial Management nor any of its personnel are authorized to recommend or effect a transaction for a client involving any security in which the firm or a related party has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc. Additionally, we are prohibited from borrowing from or lending to a client, unless that client is an approved financial institution or is an immediate family member. In such instances, authorization for the loan must be granted in advance and documented in writing.

At times personnel and related parties may hold positions in investments that are also recommended to the client. We may make recommendations or take actions with respect to investments that may differ in the nature or timing from recommend actions made to, or actions taken for other clients or personnel. However, at no time will the personnel or any related party receive preferential treatment over the client.

### **Section 9 – Brokerage Practices**

RLP Financial Management is not affiliated with any bank custodian or brokerage firm. If we are engaged to provide investment advice, we will offer to use the service provider with whom the client's assets are currently maintained. If the client prefers to use a new service provider, we will recommend one based upon the need, overall cost and ease of use for the client.

Our policy is to restrict any non-cash compensation, or soft dollars, that we may receive from a service provider to only that which enhances our ability to render quality advice and service to the client. Although we may recommend one or more service providers to the client, we derive no special benefit from doing so, nor do we "pay up" to receive additional services.

The only compensation we receive is in the form of hourly fees paid directly by the client. Therefore, we do not receive any additional compensation when the client engages a recommended brokerage firm or other service provider.

We do not require or engage in directed brokerage involving our accounts. We recognize our obligation in seeking "best execution" for our client however it is our 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 also taking into consideration the full range of services provided. Therefore, we will seek services involving competitive rates but that may not correlate to the lowest possible rate for every transaction. We periodically review our policies regarding recommending service providers in light of our duty to seek best execution.

## **Section 10 – Review of Accounts**

RLP Financial Management does not provide continuous monitoring of its financial planning and investment advice services. Periodic reviews are recommended and it is the client's responsibility to initiate these reviews. We remind the client to notify us of any changes to their personal financial situation.

## **Section 11 – Client Referrals and Other Compensation**

RLP Financial Management does not receive, nor does it pay any fees for client referrals.

## **Section 12 – Custody**

RLP Financial Management does not take custody of client cash, bank accounts or securities. The client's cash, bank accounts and securities will be maintained by unaffiliated, qualified custodians such as banks, brokerage firms, mutual fund companies and transfer agents. The client will receive account statements directly from their service provider. These statements are typically provided on a monthly or quarterly basis or as account transactions occur.

We will not ask for, nor accept any of the client's access information, such as username and/or password, even for the accommodation of the client or the client's legal agent.

Firm personnel will not act as trustee for or have full power of attorney over a client account unless as a co-trustee of an immediate or incompetent family member.

## **Section 13 – Investment Discretion**

RLP Financial Management does not provide discretionary investment management services, so issues related to investment discretion are not applicable.

## **Section 14 – Voting Client Securities**

RLP Financial Management does not vote client securities. The client will maintain responsibility for directing the manner in which proxies are voted, as well as all other elections relative to mergers, acquisitions, tender offers or other events pertaining to the client's investments. The client will receive their proxies and other solicitations directly from the custodian or transfer agent for their investments.

## **Section 15 – Financial Information**

Due to the nature of our services, an audited balance sheet is not required nor included in this disclosure document. RLP Financial Management does not have any financial conditions that require further disclosure.

**Part 2A Appendix 1 – Wrap fee Program Brochure (Not Applicable)**

RLP Financial Management does not sponsor a wrap fee program, so issues related to a wrap fee program are not applicable.

RLP Financial Management  
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Part 2B – Brochure Supplement (Advisory Personnel)  
January 1, 2011

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This brochure supplement provides information about Ronald L. Plaine that supplements the RLP Financial Management brochure. You should have received a copy of that brochure. Please contact Ronald L. Plaine at 518-370-4020 or [arlpfina@nycap.rr.com](mailto:arlpfina@nycap.rr.com) if you did not receive RLP Financial Management's brochure or if you have any questions about the contents of this supplement.

## **Educational Background and Business Experience**

**Name:** Ronald L. Plaine, CFP® (Born 1949)

**Title:** Principal

**Education:** Bachelor of Science, Business Admin.-Niagara University (1966-1970)

**Experience:** Principal – RLP Financial Management (1997 – Present)

### CFP® Certification Requirements

**Education:** CFP® professionals must develop their theoretical and practical financial planning knowledge by completing a comprehensive course of study at a college or university offering a financial planning curriculum approved by the CFP Board. Other options for satisfying the educational component include submitting a transcript review or previous financial planning-related course work to the CFP Board for review and credit, or showing the attainment of certain professional designations or academic degrees.

**Examination:** CFP® practitioners must pass a comprehensive two day, 10-hour CFP® Certification Examination that tests their ability to apply financial planning knowledge in an integrated format. Based on regular research of what planners do, the exam covers the financial planning process, tax planning, employee benefits and retirement planning, estate planning investment management and insurance.

**Experience:** CFP® professionals must have three years minimum experience in the financial planning process prior to earning the right to use the CFP® certification marks. As a result, CFP® practitioners possess financial counseling skills in addition to financial planning knowledge.

**Ethics:** As a final step to certification, CFP® practitioners agree to abide by a strict code of professional conduct known as CFP Board's Code of Ethics and Professional Responsibility that sets forth their ethical responsibilities to the public, clients and employers. The CFP Board also performs a background check during this process and each individual must disclose any investigations or legal proceedings related to their professional or business conduct.

Once certified, CFP® practitioners are required to maintain technical competence and fulfill ethical obligations. Every two years they must complete a minimum 30 hours of continuing education to stay current with developments in the financial planning profession and better serve clients. Two of these hours are spent studying or discussing CFP Board's Code of Ethics or Practice Standards. In addition to the biennial continuing education requirement, all CFP® practitioners voluntarily disclose any public, civil,

criminal or disciplinary actions that may have been taken against them during the previous two years as part of the renewal process.

### **Disciplinary Information**

Neither RLP Financial Management nor any of its personnel have been the subject of a reportable legal or disciplinary event.

### **Other Business Activities**

Ronald L. Plaine is an Enrolled Agent and in that capacity provides tax preparation services to various individual, corporate and fiduciary clients. These duties do not present material conflicts of interest for the financial planning and investment advisory services that are provided by Ronald as Principle of RLP Financial Management.

### **Additional Compensation**

Neither RLP Financial Management nor any of its personnel accept or receive additional economic benefit (i.e. sales awards or other prizes) for providing advisory services to clients.

### **Supervision**

Ronald L. Plaine serves in multiple capacities for RLP Financial Management: Managing Member, Principal, Financial Planner and Investment Adviser Representative (IAR). We recognize that the lack of segregation of duties may potentially create conflicts of interest. However, we employ policies and procedures to ensure timely and accurate recordkeeping and supervision, including outsourcing certain functions to qualified entities to assist in these efforts if necessary.

Questions about RLP Financial Management, its personnel, its services or this document may be posed to Ronald L. Plaine at 518-370-4020 or [arlpfina@nycap.rr.com](mailto:arlpfina@nycap.rr.com).