

# Keystone Financial Planning, Inc.

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## FORM ADV PART 2 BROCHURE

This brochure provides information about the qualifications and business practices of Keystone Financial Planning, Inc. If you have any questions about the contents of this brochure, please contact us at 440.234.6323. 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 Keystone Financial Planning, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Keystone Financial Planning, Inc. is 104640.

Keystone Financial Planning, Inc is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated February 8, 2017, we have made the following material changes to our Brochure:

- We have amended our fee billing practices and our fee schedule under the *Advisory Business* section.
- Our new fee schedule and fee calculation is as follows:

<u>Assets Under Management</u>	<u>Annualized Fee</u>
First \$1 million	1.00%
Next \$4 million	0.50%
\$5 million and above	0.50% Fixed

- Our annual portfolio management fee is a combination of a blended and linear fee schedule. The annual fee is assessed on a blended basis on the first \$5,000,000. Once you cross the \$5,000,000 threshold, our fee is no longer assessed on a blended basis, but is instead assessed a linear or fixed fee basis of 0.50%. For example, if your account has a balance of \$1,500,000, the first \$1,000,000 will be assessed at 1.00% and the next \$500,000 will be assessed at 0.50%. Once you cross the threshold of \$5,000,000, the blended fee schedule no longer applies and your account will be assessed 0.50% on the total balance.
- We have amended our Portfolio Management fee billing practices to include fee based annuity accounts in the total value used for our advisory billing/fee computation. The value of the annuity sub accounts will be added to the value of your total assets for billing purposes.

### Item 3 Table Of Contents

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes	Page 2
Item 3 Table Of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 6
Item 6 Performance-Based Fees and Side-By-Side Management	Page 6
Item 7 Types of Clients	Page 6
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 7
Item 9 Disciplinary Information	Page 8
Item 10 Other Financial Industry Activities and Affiliations	Page 8
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 8
Item 12 Brokerage Practices	Page 9
Item 13 Review of Accounts	Page 10
Item 14 Client Referrals and Other Compensation	Page 10
Item 15 Custody	Page 11
Item 16 Investment Discretion	Page 11
Item 17 Voting Client Securities	Page 11
Item 18 Financial Information	Page 11
Item 19 Requirements for State Registered Investment Advisers	Page 12
Item 20 Additional Information	Page 12

## Item 4 Advisory Business

### Description of Services and Fees

Keystone Financial Planning, Inc is a registered investment adviser based in Middleburg Heights, Ohio. We are organized as a corporation under the laws of the State of Ohio. We have been providing investment advisory services since 1986. Mr. Keith Sechler, President, and Linda Borowiak, Shareholder, are our principal owners. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Financial Planning Services

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Keystone Financial Planning, Inc and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm. The use of these terms is not intended to imply that there is more than one individual associated with this firm.

### Portfolio Management Services

We provide discretionary portfolio management/timing services on a continuous basis. The investment advice provided is custom tailored to meet your investment needs and objectives. Subject to any written guidelines, which you may provide, our firm normally has complete discretion and authority to manage your account. Accordingly, we are authorized to perform various investment functions, at your expense, without further approval from you. Such functions include our ability to make all investment decisions on the (a) securities purchased or sold; (b) the amount of securities to be purchased or sold; and (c) the commission rates to be paid.

Our annual fee for portfolio management services is billed quarterly in arrears based on the average market value of the assets on the first day of the three months of the quarter. We will include fee based annuity accounts in the total value used for our advisory billing/fee computation. The value of the annuity sub accounts will be added to the value of your total assets for billing purposes. Our fees will be assessed pro rata in the event our management agreement is executed at any time other than the first day of a calendar quarter. On an annualized basis, our fee for portfolio management/timing services is based on the following fee schedule:

### Annual Fee Schedule

<u>Assets Under Management</u>	<u>Annualized Fee</u>
First \$1 million	1.00%
Next \$4 million	0.50%
\$5 million and above	0.50% Fixed

Our annual portfolio management fee is a combination of a blended and linear fee schedule. The annual fee is assessed on a blended basis on the first \$5,000,000. Once you cross the \$5,000,000 threshold, our fee is no longer assessed on a blended basis, but is instead assessed a linear or fixed fee basis of 0.50%. For example, if your account has a balance of \$1,500,000, the first \$1,000,000 will be assessed at 1.00% and the next \$500,000 will be assessed at 0.50%. Once you cross the threshold of \$5,000,000, the blended fee schedule no longer applies and your account will be assessed 0.50% on the total balance.

Our advisory fees are negotiable, in our sole discretion, and arrangements with any client may differ from those described above.

At our discretion, we may combine the account values of family members to determine the applicable advisory fee. For example, we may combine account values for you and your, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above. For certain accounts, i.e., family, friends and employees we may waive our fee in our sole discretion.

We may also allow, in our discretion, accounts of members of the same business, e.g. dental office, to be aggregated for purposes of determining our advisory fee. We may allow such aggregation, for example, where our firm services accounts on behalf of multiple employees/owners of the same firm. This consolidation practice is designed to allow these accounts the benefit of an increased asset total which could potentially cause them to be assessed a reduced advisory fee based on the breakpoints available in our fee schedule as stated above.

We will either invoice you directly or payment of the fees will be made by the qualified custodian holding your funds and securities provided you provide written authorization permitting the fees to be paid directly from your account. We will not have access your funds for payment of fees without your consent in writing. Further, the qualified custodian agrees to deliver a quarterly account statement directly to you. You are is encouraged to review your account statements for accuracy. Our firm will receive a duplicate copy of the statement that was delivered to you.

The fees charged are calculated as described above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)).

You may terminate the portfolio management agreement within five (5) business days of signing the agreement without penalty. Thereafter, either party may terminate the agreement at anytime upon written notice to the other. The management fee will be pro-rated for the quarter in which the cancellation notice was given and the fee is due and payable. Refunds are not applicable as management fees are payable in arrears.

### **Financial Planning Services**

We provide financial planning services for a fee. Such services include, but are not limited to: assisting you to determine short and long term investment goals, ascertaining your risk tolerance and analyzing your financial situation regarding taxation, insurance and investment allocations. An Associated Person of our firm will work with you to develop an individualized financial plan. We will review your financial plan with you upon delivery of the plan and thereafter upon your request. The initial review is included within the fee paid by you for the financial plan. The fee for subsequent reviews are dependent on the level of review desired by you and will be negotiated at the time you request the subsequent review.

Financial planning fees are proportional to the complexity of your individual circumstances. Our fee will be assessed pursuant to a pre-arranged fixed fee where such fee is negotiated with you in advance of services rendered. In most cases, financial planning fees are due and payable upon completion of the contracted services. In no event will we require you pay us a fee of more than \$1,200 six or months in advance

You may terminate the financial planning agreement within five (5) business days of signing the agreement without penalty. Thereafter, either party may terminate the agreement at anytime upon written notice to the other.

### **Types of Investments**

We primarily recommend investments in individual stocks with the goal of a dividend stream that increases over time; however, we may advise you on any type of investment that we deem appropriate, including fee-based variable annuities, based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2017, we provide continuous management services for \$222,102,396 in client assets managed on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$250,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management within five (5) years of becoming a client. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Technical Analysis - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. We may utilize HCFO (high cost-first out) as the accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### Recommendation of Particular Types of Securities

We primarily recommend investments in individual stocks with the goal of a dividend stream that increases over time; however, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk.



Variable annuities and certain other accounts are invested in various mutual funds or exchange traded funds using plans we have developed. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it

There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

## **Item 9 Disciplinary Information**

Keystone Financial Planning Inc. has been registered and providing investment advisory services since 1986. Neither our firm nor any of our associated persons has any reportable disciplinary information.

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

In addition to providing investment advice, our firm also offers a tax preparation service. It is expected that advisory clients may also be clients for whom tax preparation services are provided. However, we emphasize that no advisory clients are obligated to use our firm in this separate capacity. We are compensated separately for such services, and approximately 10 percent of our billable hours are derived from tax preparation.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting us at 440.234.6323.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.



## **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We generally recommend that securities be purchased through the facilities of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC, an unaffiliated and independent broker dealer. Such recommendations will take into account a number of factors, some of which may include custodial fees charged by the broker for holding securities for the client, commission rates, quality of execution, and record keeping and reporting capabilities, among others. When recommending a broker, the firm will attempt to minimize the total cost for all brokerage services paid by the client. However, it may be the case that the recommended broker charges a higher fee for a particular type of service, such as commission rates, than can be obtained from another broker. Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through such broker as the firm recommends.

We participate in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Our firm receives some benefits from TD Ameritrade through its participation in the program and may recommend TD Ameritrade to clients. There is no direct link between our participation in the program and the investment advice we offer our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm and our Associated Persons; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons, [and may also pay or reimburse expenses (including travel, lodging, meals [and entertainment] expenses) for our personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally.]. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our Associated Persons through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm and/or our Associated Persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

We generally recommend that you direct our firm to execute transactions through TDAmeritrade. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

### **Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

## **Item 13 Review of Accounts**

Mr. Sechler, President of our firm will monitor your account and will conduct account reviews daily to ensure the advisory services provided to you and that the portfolio mix is consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

Stocks are bought and sold when they become over or under valued based on buy/sell prices computed for each stock. Mutual funds are bought and sold when the market becomes overvalued or undervalued based on buy/sell valuations computed for the overall market and based on specific calendar periods. Clients will receive quarterly updates showing the performance of their account. Additionally you will receive monthly or quarterly account statements from the custodian holding your funds and/or securities.

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

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with TDAmeritrade.

## Item 15 Custody

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Mr. Sechler, President at 440.234.6323.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

## Item 17 Voting Client Securities

### Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

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

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will never sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact us at 440.234.6323, if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

### **Class Action Lawsuits**

In certain circumstances, we may assist you in filing claims with the claims administrator to participate in any settlement proceeds related to class action settlements involving a security held in your portfolio. We may also work with your legal counsel to determine whether you are eligible to participate in class action litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held in your portfolio.