



**Item 1 - Cover Page**

SKAGGS FINANCIAL PLANNING, LLC

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March 21, 2012

This Brochure provides information about the qualifications and business practices of SKAGGS FINANCIAL PLANNING, LLC. If you have any questions about the contents of this Brochure, please contact us at (206) 330-2161 or [bskaggs@skaggsfinancialplanning.com](mailto:bskaggs@skaggsfinancialplanning.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.

SKAGGS FINANCIAL PLANNING, LLC is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provides you with information about which you determine to hire or retain an Advisor.

Additional information about SKAGGS FINANCIAL PLANNING, LLC also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## Item 2 – Material Changes

There have been no material changes since the last revision dated March 28<sup>th</sup>, 2011

In the past we have sent out or offered to deliver information about our qualifications and business practices to clients on at least an annual basis. Because of new SEC rules, we will make sure you receive a summary of any materials changes to this and all following brochures within 120 days of the close of our business' fiscal year. We may further provide other disclosure information about changes as necessary. We will likewise provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting Brian Skaggs, President, at (206) 330-2161 or [bskaggs@skaggsfinancialplanning.com](mailto:bskaggs@skaggsfinancialplanning.com). Our brochure is also available on our web site [www.skaggsfinancialplanning.com](http://www.skaggsfinancialplanning.com), also free of charge.

Additional information about SKAGGS FINANCIAL PLANNING, LLC is available via the SEC's web site [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with SKAGGS FINANCIAL PLANNING, LLC who are registered, or are required to be registered, as investment advisor representatives of SKAGGS FINANCIAL PLANNING, LLC.

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## Item 4 – Advisory Business

SKAGGS FINANCIAL PLANNING, LLC is Limited Liability Company and a fee-only investment advisory business registered in Washington State. It is owned and operated by Brian Skaggs, CFP. Operations began in January 2003.

SKAGGS FINANCIAL PLANNING, LLC generally follows a 6-step investment advisory process:

**DEFINE** the scope of the engagement between the client and SKAGGS FINANCIAL PLANNING, LLC

**GATHER** client data and client's financial goals, needs, and priorities

**ANALYZE** and evaluate the client's information & financial planning strategies to help the client make informed decisions

**DEVELOP** and present financial planning recommendations

**IMPLEMENT** financial planning recommendations

**MONITOR** financial planning recommendations

This process can be customized to meet the needs or desires of a particular client.

SKAGGS FINANCIAL PLANNING, LLC directly managed \$19,200,000 on a discretionary basis as of the date of this brochure.

Additional sums have been invested on the basis of recommendations made by Skaggs Financial Planning, LLC in connection with hourly or pro bono work. Ongoing management of these funds is the responsibility of the account owners and SKAGGS FINANCIAL PLANNING, LLC does not track the value of these accounts.

## Item 5 – Fees and Compensation

**FEES AND EXPENSES** Unless otherwise agreed, the following fee schedule will apply to assets under management:

- The first \$1,000,000 is billed at 0.25% per quarter
- The next \$2,000,000 is billed at 0.1875%
- Amounts over \$3,000,000 are billed at 0.15%

The minimum advisory fee is \$375 per quarter.

Hourly advisory fees will be billed at \$150 per hour.

SKAGGS FINANCIAL PLANNING, LLC may waive minimum fees or charge lower amounts at its discretion.

Fees are payable on the first business day of each calendar quarter. The fee will be determined by combining the fair market value (measured on the last business day of the prior calendar quarter) of all of the client's assets under management. As assets actually get transferred over to SKAGGS FINANCIAL PLANNING, LLC's control, or whenever a client makes a deposit in excess of \$100,000, partial time periods may be billed proportionally.

For clients with less than \$250,000 of assets under management, additional hourly professional fees for consulting services (i.e. financial planning) may be charged.

Clients may end the advisory contract any time, for any reason, with 30 days written notice. Upon termination, SKAGGS FINANCIAL PLANNING, LLC will refund to the client any portion of a client's prepaid fee for which services have not yet been provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees also will be due and payable.

SKAGGS FINANCIAL PLANNING, LLC sends invoices to clients on a quarterly basis. SKAGGS FINANCIAL PLANNING, LLC generally deducts these fees automatically from the clients' associated brokerage accounts, but arrangements to pay fees from outside sources can also be made. When funds are not available for automatic deduction, SKAGGS FINANCIAL PLANNING, LLC will generally wait until funds become available in the normal course of rebalancing, purchasing or selling and then charge the account. SKAGGS FINANCIAL PLANNING, LLC, however, may sell assets to generate funds at its discretion.

Fees charged to client accounts are listed on account statements provided directly to clients by a separate brokerage firm. SKAGGS FINANCIAL PLANNING, LLC does not hold client funds.

SKAGGS FINANCIAL PLANNING, LLC's sole source of compensation is from the fees charged directly to clients. These fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred by the client.

Typical charges include:

- SKAGGS FINANCIAL PLANNING, LLC management fees
- Mutual Fund Expenses (internal fees disclosed in a fund's prospectus)
- Brokerage Transaction and Account Fees

Combined, these usually total about 1.5% of assets per year (excluding the effect of trade spreads and trading fees charged to mutual fund companies). This amount varies due to the actual investments chosen and the size of the portfolio. Clients are encouraged to completely understand the fees charged and how they compare to other ways of compensation.

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

SKAGGS FINANCIAL PLANNING, LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

SKAGGS FINANCIAL PLANNING, LLC provides portfolio management services to individuals and high-net worth individuals.

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

Investing in securities involves risk of loss, something clients should be prepared to bear.

SKAGGS FINANCIAL PLANNING, LLC generally views markets as efficient for investment purposes. This means that we generally believe that the current market price of a security, such as a stock or bond, is the best estimate of its true value. We do not believe that other methods of analysis such as studying a company's financial statements or charting past prices can be used to produce a better estimate of market value, or to produce above average investment returns without taking on substantial risk. SKAGGS FINANCIAL PLANNING, LLC's investment philosophy is based on Modern Portfolio Theory, which holds that asset allocation is the primary determinant of portfolio performance. It is not SKAGGS FINANCIAL PLANNING, LLC's typical investment strategy to attempt to: (1) time the market (2) determine & select "undervalued" individual securities, or (3) use investments with "active managers" who try to use these methods to beat their benchmarks. However, with a client's oral or written authorization, SKAGGS FINANCIAL PLANNING, LLC may change this investment strategy. Generally, this will be done to accommodate situations such as low-basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, and special tax situations. It may also be done for other reasons as discussed with a client.

SKAGGS FINANCIAL PLANNING, LLC typically implements a client's target asset allocation using no-load, institutional asset class mutual funds. However, SKAGGS FINANCIAL PLANNING, LLC may use other investments, such as retail mutual funds, actively managed mutual funds, individual securities and non-traditional investment products.

Diversification and broad exposure to investment markets provides the basis for how SKAGGS FINANCIAL PLANNING, LLC builds portfolios and asset allocation models. Market risk or the risk that a particular investment will suffer losses because of market movements is the main risk investors that use SKAGGS FINANCIAL PLANNING, LLC face. Put more simply, if overall global markets go down, SKAGGS FINANCIAL PLANNING, LLC investors should expect to see declines in their portfolio values.

While broad exposure and diversification is the basis for our portfolios, Investments recommended by SKAGGS FINANCIAL PLANNING, LLC carry various types of other risks. Some of these include business risk, company risk, industry risk, currency risk, political risk, country risk, size risk, term risk, inflation risk, etc.

SKAGGS FINANCIAL PLANNING, LLC views some risks as the very source of expected returns. If there was no risk, you would not expect any profit from an investment. Different types of risks impact the value of a portfolio in different ways, at different times. SKAGGS FINANCIAL PLANNING, LLC attempts to blend risks in a given portfolio in an attempt to maximize returns for a given level of volatility. In the absence of perfect knowledge of the future, this is something to strive toward, but can never be achieved.

In blending risks, SKAGGS FINANCIAL PLANNING, LLC will often overweight certain market segments. These segments represent areas which it believes will be beneficial to achieve the maximum return for a given level of volatility. This has generally resulted in overweighting value stocks, small company stocks, shorter term bonds, higher credit quality bonds, U.S. stocks versus non-U.S. stocks and Developing versus Developed Market stocks overseas (on a publically traded, market capitalization basis).

While overall portfolios are intended to provide broad exposure, certain individual investments may be particularly volatile and present special risks. For example, a specific investment may be made in a fund that invests in small companies operating in Developing Markets. These may be particularly volatile. These positions are not used to speculate but rather to provide a portion of the broad exposure described above. Clients are encouraged to view the portfolio as a whole and not a collection of independent investments.

Additional information is provided by brokerage firms and mutual funds companies. This includes prospectuses and periodic reports. Clients are encouraged to review these materials.

### **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be important to an evaluation of SKAGGS FINANCIAL PLANNING, LLC or the integrity of SKAGGS FINANCIAL PLANNING, LLC's management. SKAGGS FINANCIAL PLANNING, LLC has had no legal or disciplinary events related to this issue.

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

SKAGGS FINANCIAL PLANNING, LLC works solely for its clients and has no agreements or arrangements creating any conflicts of interest with its clients.

### **Item 11 – Code of Ethics**

SKAGGS FINANCIAL PLANNING, LLC has adopted the Certified Financial Planner Board of Standards, Inc's Code of Ethics for all employees. This includes the following principles:

**Integrity:** Provide professional services with integrity.

**Objectivity:** Provide professional services objectively.

**Competence:** Maintain the knowledge and skill necessary to provide professional services competently.

**Fairness:** Be fair and reasonable in all professional relationships. Disclose conflicts of interest.

**Confidentiality:** Protect the confidentiality of all client information.

**Professionalism:** Act in a manner that demonstrates exemplary professional conduct.

**Diligence:** Provide professional services diligently.

SKAGGS FINANCIAL PLANNING, LLC agrees, to the extent within its control, not to favor itself to its clients' financial detriment when buying or selling securities it also recommends to clients. SKAGGS FINANCIAL PLANNING, LLC agrees to keep complete records of all securities transactions, as required by regulation.

### **Item 12 - Brokerage Practices**

SKAGGS FINANCIAL PLANNING, LLC considers overall value when recommending brokers. Value factors include price, product availability, and services offered. SKAGGS FINANCIAL PLANNING, LLC may receive research services, computer software, technical advice, publications, electronic database updates, marketing materials, services, other "soft dollar" compensation, and referrals of prospective clients from certain financial product vendors and from certain financial services professionals. This may influence SKAGGS FINANCIAL PLANNING, LLC's recommendations to client in favor of doing business with these certain vendors and professionals. Specifically, SKAGGS FINANCIAL PLANNING, LLC may recommend clients place orders for the execution of securities transactions through certain vendors, which "directed brokerage" may result in a client paying higher commissions or transaction costs than a client would have paid to another vendor. Additionally, SKAGGS FINANCIAL PLANNING, LLC may recommend that clients do business with certain professionals that charge higher fees to client than would have been charged by another professional. SKAGGS FINANCIAL PLANNING, LLC agrees to use its best efforts to act in clients' best interests when recommending brokers.

### **Item 13 - Review of Accounts**

For clients that use SKAGGS FINANCIAL PLANNING, LLC on an ongoing assets-under-management basis, SKAGGS FINANCIAL PLANNING, LLC reviews clients' portfolio on a quarterly basis by reviewing securities, asset allocation, the rate-of-return, and market value. This may also be done following significant market moves, whenever a customer's circumstances change, when using a new product, or when funds are flowing into or out of accounts.

At times, clients will be contacted prior to SKAGGS FINANCIAL PLANNING, LLC when placing trades for their accounts. During these calls, SKAGGS FINANCIAL PLANNING, LLC may discuss its intention to make a transaction, the details of the proposed transaction, and how it connects to the client's objectives. Quarterly, SKAGGS FINANCIAL PLANNING, LLC provides these clients with performance reports that track holdings, asset allocation, rate of return, and market value.

SKAGGS FINANCIAL PLANNING, LLC will meet with clients periodically to review past results for the asset classes owned by the client, the overall results, the current allocation, and to provide information on new investment products and services, as well as new academic research that may affect client portfolios. Clients can request any number of reviews at any time for no additional charge and are encouraged to do so. Clients should update SKAGGS FINANCIAL PLANNING, LLC with their financial status, objectives, and any other changes since the last meeting. All of this is used to update the client's investment advisory strategy.

SKAGGS FINANCIAL PLANNING, LLC will not typically monitor accounts, review accounts or provide reports for clients that have used SKAGGS FINANCIAL PLANNING, LLC's hourly or pro bono services.

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

SKAGGS FINANCIAL PLANNING, LLC appreciates referrals and sometimes makes referrals in the normal course of business. Skaggs Financial Planning LLC does not accept or provide compensation or other economic benefits for referrals that would create material conflicts of interest. This excludes minor tokens of appreciation such as cards, a meal or other small gifts.

#### **Item 15 – Custody**

SKAGGS FINANCIAL PLANNING, LLC does not hold custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. SKAGGS FINANCIAL PLANNING, LLC urges clients to carefully review such statements and compare official custodial records to the quarterly reports that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

SKAGGS FINANCIAL PLANNING, LLC usually receives discretionary authority from the client at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised consistent with the stated investment objectives for that particular client account.

When selecting securities and determining amounts, SKAGGS FINANCIAL PLANNING, LLC observes the investment policies, limitations and restrictions of the clients whom it advises. Investment guidelines and restrictions must be provided to SKAGGS FINANCIAL PLANNING, LLC in writing.

#### **Item 17 – Voting *Client* Securities**

As a matter of firm policy and practice, SKAGGS FINANCIAL PLANNING, LLC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in their portfolios. SKAGGS FINANCIAL PLANNING, LLC may, though, provide advice to clients regarding their proxy votes.

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

Registered Investment Advisors are required to provide you with financial information or disclosures about SKAGGS FINANCIAL PLANNING, LLC's financial condition. SKAGGS FINANCIAL PLANNING, LLC has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to clients, and has not been in a bankruptcy proceeding.

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

SKAGGS FINANCIAL PLANNING, LLC is owned and managed by Brian J Skaggs who has the following business and education background:

University of Washington, Seattle, WA, 1990 - 1992, B.A. Economics  
Pacific Lutheran University, Parkland, WA 1988 – 1990  
College for Financial Planning, Completed CFP Professional Education Program, 1999  
Institute of Business & Finance, Completed CFS Designation Program, 2001  
Financial Planning Association Residency Program, Lake Arrowhead, CA, 2002  
Holds the CERTIFIED FINANCIAL PLANNER designation since 1999

SKAGGS FINANCIAL PLANNING, LLC, President, 12/02 to present  
TD Waterhouse, Branch Manager (last position held) 1996 to 2002

Other business activity includes overseeing rental property, which requires approximately 20 hours of management per year.

In the event that there is a trade error in a client account that results in a profit, the transaction will be left in the client account and the client will be responsible for associated taxes. If the trade results in a loss, it will be replaced with the correct trade and the loss will be absorbed by SKAGGS FINANCIAL PLANNING, LLC.

At times, it will not be known whether an error will result in a profit or a loss at the time orders to correct the error are entered. This is often the case with mutual fund transactions that are priced once a day. The price is not known at the time an order is entered and therefore the profit or loss is not known until after the order execution. When the outcome, profit or loss, is not known prior to the corrective orders being entered, the associated errant order will be replaced by the correct order in the client account. The errant order will be moved to a SKAGGS FINANCIAL PLANNING, LLC account and SKAGGS FINANCIAL PLANNING, LLC will absorb any associated profit or loss.