

# Item 1: Cover Page



## **Form ADV Part 2A: Firm Brochure**

Dated March 12, 2024

Pearl Financial Planning, LLC  
Portland, OR 97202  
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[www.pearlfinancialplanning.com](http://www.pearlfinancialplanning.com)

This Brochure provides information about the qualifications and business practices of Pearl Financial Planning, LLC, "Pearl." If you have any questions about the contents of this Brochure, please contact us at (972) 696-9733. 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.

Pearl Financial Planning, LLC is registered as an Investment Adviser with the states of OR and TX. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Pearl is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm's identification number 285129.

# Item 2: Material Changes

The following changes have been made to this version of the Disclosure Brochure:

- Item 4: Description of Advisory Firm
  - The Advisor has updated the amount of non-discretionary Assets Under Management.
- Item 12: Brokerage Practices
  - The Advisor has updated the custodian we may recommend.

## **Future Changes**

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Pearl.

At any time, you may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov> by searching for our firm name or by our CRD number 285129.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (972) 696-9733.

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# Item 4: Advisory Business

## Description of Advisory Firm

Pearl Financial Planning, LLC is registered as an Investment Adviser with the states of Oregon and Texas. We were founded in August 2016. Gretchen Behnke is the principal owner of Pearl. Pearl reports \$11,354,115 in non-discretionary Assets Under Management, as of Dec. 31, 2023.

## Types of Advisory Services

### Investment Management Services

We are in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation target. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure.

### Financial Planning

We provide financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they affect and are affected by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation,

identify your objectives, and develop a plan aimed at achieving your goals.

- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

Financial Planning Services are offered on either a Project-Based or an Ongoing engagement.

**Ongoing Financial Planning.** This service involves working one-on-one with a financial planner ("planner") over an extended period of time. Through this ongoing arrangement, Clients are expected to collaborate with the planner to develop and assist in the implementation of their financial plan (the "plan"). The planner will monitor the plan, recommend any appropriate changes and ensure the plan is up-to-date as the Client's situation, goals, and objectives evolve.

Upon engaging the firm for financial planning, Pearl is responsible for obtaining and analyzing all necessary qualitative and quantitative information from the Client that is essential to understanding the Client's personal and financial circumstances; helping the Client identify, select, and prioritize certain financial goals while understanding the effect that pursuing one goal may have on other potential goals; assessing the Client's current course of action and alternative courses of action to identify required changes that provide the best opportunity for the client to meet their financial goals; developing & presenting financial planning recommendations based on the aforementioned actions while including all information that was required to be considered in preparing the recommendations; and ongoing monitoring of the Client's progress toward the goals and objectives that the recommendations are based around. These components all require in-depth communication with the Client in order for the planner to establish a financial plan and implementation strategy that provides the Client with the most appropriate options in pursuing their established goals and objectives.

***Project-Based Financial Planning.*** We provide project-based financial planning services on a limited scope one-time engagement. Project-Based Financial Planning is available for Clients looking to address specific questions or issues. The Client may choose from one or more of the above topics to cover or other areas as requested and agreed to by Pearl. For Project-Based Financial Planning, the Client will be ultimately responsible for the implementation of the financial plan.

## **Educational Seminars/Speaking Engagements**

We may provide seminars for groups seeking general advice on investments and other areas of personal finance. These seminars are purely educational in nature and do not involve the sale of any investment products. Information presented will not be based on any individual's need, nor does Pearl provide individualized investment advice to attendees during these seminars. Topics covered during educational seminars will be determined by the Client and Pearl.

## **Client Tailored Services and Client Imposed Restrictions**

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

## **Wrap Fee Programs**

We do not participate in wrap fee programs.

# Item 5: Fees and Compensation

Pearl is a fee-only firm. Pearl is compensated solely by professional fees received directly from its clients.

Please note, unless a client has received the firm’s disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

## Investment Management

The ongoing advisory fee is based on the market value of assets managed by Pearl and is a blended rate of these brackets:

Assets Under Management	Annual Fee
\$0 - \$5,000,000	0.50%
\$5,000,001 and above	0.25%

The annual advisory fee is a blended fee, calculated using the account value as of the last day of the previous quarter, resulting in a combined weighted fee. For example, a client with assets under management valued at \$6,000,000 would pay an effective rate of 0.46%, with an annual fee of \$27,500, as determined by the following calculation:

First \$5,000,000 x 0.50% = \$25,000  
Next \$1,000,000 x 0.25% = \$2,500  
Total annual advisory fee = \$27,500 (0.46% of AUM)

As another example, a client with \$250,000 in assets under management would incur an annual fee as follows: \$250,000 x .50% = \$1,250.

Fees are negotiable. Similar services may be available from other firms for lower fees.

The annual fees are pro-rated and paid in arrears. Clients pay the fee one of two ways:

1. Monthly or quarterly, by electronic funds transfer or credit card
2. Quarterly, debited directly from the client’s account, at the discretion of the client, by the custodian upon submission of an invoice to the custodian indicating the account number and amount of fees to be paid.

No increase in the annual fee shall be effective without agreement from the Client by signing a new agreement or amendment to their current agreement. The client may choose to pay fees by debit or credit card, electronic funds transfer, or direct debit from investment accounts. This service may be



terminated with 30 days' notice. Since fees are paid in arrears, no rebate will be needed upon termination of the account.

## **Ongoing Financial Planning**

We charge a recurring fixed fee for Ongoing Financial Planning. We charge an annual fee paid on a monthly basis in arrears at a rate of \$4,000 per year for singles, and \$5,000 per year for couples. The fee is dependent upon the specific needs of the Client, complexity, estimated time involved, research, and resources required to provide services to you, among other factors we deem relevant. Fees are negotiable and the final agreed upon fee will be outlined in your Advisory Contract. The client may choose to pay fees by credit card or electronic funds transfer. This service may be terminated with 30 days' notice. Since fees are paid in arrears, no rebate will be needed upon termination of the account.

Similar services may be available from other firms for lower fees.

## **Project-Based Financial Plan**

A Project-Based Financial Plan costs \$3,000-\$10,000, depending on the complexity of the client's financial, tax, and life situation. The fixed fee will be agreed upon before the start of any work. The fee is negotiable. Half of the fee is due at the beginning of process and the remainder is due at completion of work, however, Pearl will not bill an amount above \$500.00 more than 6 months in advance. The client may choose to pay fees by credit card or electronic funds transfer.

## **Hourly Financial Planning**

In special circumstances, financial planning may be offered on an hourly basis at a rate between \$150.00 and \$250.00 per hour, depending on complexity. The fee may be negotiable in certain cases and is due at the completion of the engagement. The client may choose to pay fees by credit card or electronic funds transfer. In the event of early termination by client, any fees for the hours already worked will be due.

## **Group Education Seminars**

Group education seminars may be presented on financial planning topics. There may be a fee for educational seminars. Seminar fees are flat fees based on material costs and internal estimates for preparation and presentation time at \$200 per hour. The number of hours will depend upon the complexity of the situation and the needs of the client. Fees are paid in arrears upon completion. The client may choose to pay fees by credit card or electronic funds transfer. Because fees are charged in arrears, no refund is necessary. In the event there is a charge to seminar attendees, the fee will be published on the seminar announcement.

## Other Types of Fees and Expenses

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

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

We do not charge performance-based fees or conduct any side-by-side management.

## Item 7: Types of Clients

We provide financial planning and portfolio management services to individuals and high net-worth individuals. We do not have a minimum account size requirement.

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

When clients have us complete an Investment Analysis (described in Item 4 of this brochure) as part of their financial plan, our primary strategy is passive investment management.

### **Passive Investment Management**

We primarily practice passive investment management. Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange traded funds.

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than

the broader market or a designated benchmark. Academic research indicates most active managers underperform the market.

## Material Risks Involved

*All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.* Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable, or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Commercial Paper** is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit

breakers” (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which client’s invest.

## Item 9: Disciplinary Information

### **Criminal or Civil Actions**

Pearl and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

Pearl and its management have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

Pearl and its management have not been involved in legal or disciplinary events that are material to a client’s or prospective client’s evaluation of Pearl or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

No Pearl employee is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No Pearl employee is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

Pearl does not have any related parties. As a result, we do not have a relationship with any related parties.

Pearl only receives compensation directly from clients. We do not receive compensation from any outside source. We do not have any conflicts of interest with any outside party.

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

As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc., and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and

regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

## **Code of Ethics Description**

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matters shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide of copy of its Code of Ethics to any client or prospective client upon request.

## **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

## **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm and its "related persons" do not invest in the same securities, or related securities, e.g., warrants, options or futures, which we recommend to clients.

## **Trading Securities At/Around the Same Time as Client's Securities**

Because our firm and its "related persons" do not invest in the same securities, or related securities, e.g., warrants, options or futures, which we recommend to clients, we do not trade in securities at or around the same time as clients.

# Item 12: Brokerage Practices

## Factors Used to Select Custodians and/or Broker-Dealers

Pearl Financial Planning, LLC does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

### 1. Research and Other Soft-Dollar Benefits

We currently do not receive soft dollar benefits.

### 2. Brokerage for Client Referrals

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### 3. Clients Directing Which Broker/Dealer/Custodian to Use

We do recommend a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transaction and this may cost clients money over using a lower-cost custodian.

## The Custodian and Brokers We Use

Pearl does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We may recommend that our clients use Charles Schwab & Co., Inc. (“Schwab”) member FINRA/SIPC as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we may recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account with Schwab (defined below).

### Your Brokerage and Custody Costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services, but is compensated as part of the Schwab (defined below) platform fee, which is a percentage of the dollar amount of assets in the account in lieu of commissions. We have determined that having Schwab execute trades is consistent with our duty to seek “best execution” of your trades.

Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “Factors Used to Select Custodians and/or Broker-Dealers”).

### **Services Available to Us via Charles Schwab**

As disclosed above, Pearl participates in Schwab’s institutional customer program and may recommend Schwab to clients for custody and brokerage services. There is no direct link between Pearl’s participation in the program and the investment advice it gives to its clients, although Pearl receives economic benefits through its participation in the program that are typically not available to Schwab 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 Pearl participants; 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 Pearl by third party vendors. Schwab may also have paid for business consulting and professional services received by Pearl’s related persons. Some of the products and services made available by Schwab through the program may benefit Pearl but may not benefit its client accounts. These products or services may assist Pearl in managing and administering client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help Pearl manage and further develop its business enterprise. The benefits received by Pearl or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, Pearl endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Pearl or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Pearl’s choice of Schwab for custody and brokerage services.

### **Aggregating (Block) Trading for Multiple Client Accounts**

Generally, we do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as “block trading”). Consequently, certain client trades may be executed before others, at a different price. Additionally, our clients may not receive volume discounts available to advisers who block client trades. Many investment advisers do aggregate, or block trades for you. This does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

## **Item 13: Review of Accounts**

Client accounts with the Investment Management Service will be reviewed regularly on a quarterly basis by Gretchen Behnke, Principal and CCO. The account is reviewed with regards to the client’s investment policies and risk tolerance levels. Events that may trigger a special review would be unusual



performance, addition or deletions of client imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs. Clients will receive trade confirmations from the broker(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest. Pearl will not provide written reports to Investment Management clients.

## Item 14: Client Referrals and Other Compensation

We do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients. Nor do we, directly or indirectly, compensate any person who is not advisory personnel for client referrals.

We receive a non-economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## Item 15: Custody

Pearl does not accept custody of client funds, except for the withdrawal of client fees.

For client account in which Pearl directly debits their advisory fee:

- i. Pearl will send a copy of its invoice to the custodian at the same time that it sends the client a copy.
- ii. The custodian will send at least quarterly statements to the client showing all disbursements for the account, including the amount of the advisory fee.
- iii. The client will prove written authorization to Pearl, permitting them to be paid directly for their accounts held by the custodian.

Pearl does not accept 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. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16: Investment Discretion

We manage client accounts on a non-discretionary basis only.

## Item 17: Voting Client Securities

We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

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 you any electronic solicitation to vote proxies.

## Item 18: Financial Information

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months in advance.

# Item 19: Requirements for State-Registered Advisers

## Gretchen Behnke

Born: 1971

### Educational Background

- 2015 – Certificate in Financial Planning, Southern Methodist University
- 1998 – Master of Business Administration, Finance, University of Texas at Arlington
- 1993 – Bachelor of Science, Texas Christian University

### Business Experience

- 08/2016 – Present, Pearl Financial Planning, LLC, Principal and CCO
- 09/2015 – 07/2016, Fulton Financial Planning, Inc., Paraplanner
- 10/2011 – 08/2015, Gretchen Behnke Consulting, Business Consultant
- 12/2004 – 09/2011, Mary Kay, Inc., Manager, IT/eBusiness

### Professional Designations, Licensing & Exams

#### CERTIFIED FINANCIAL PLANNER™

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- **Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- **Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- **Ethics** – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- **Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- **Ethics** – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **Other Business Activities**

Gretchen Behnke is not involved with outside business activities.

### **Performance Based Fees**

Pearl is not compensated by performance-based fees.

### **Material Disciplinary Disclosures**

No management person at Pearl Financial Planning, LLC has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

### **Material Relationships That Management Persons Have With Issuers of Securities**

Pearl Financial Planning, LLC, nor Gretchen Behnke, have any relationship or arrangement with issuers of securities, in addition to what is described in Item 10.

### **Additional Compensation**

Gretchen Behnke does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through Pearl.

**Supervision**

Gretchen Behnke, as Principal and Chief Compliance Officer of Pearl, is responsible for supervision. She may be contacted at the phone number on this brochure supplement.

**Requirements for State Registered Advisers**

Gretchen Behnke has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.