

CFP® CERTIFICANT DISCLOSURE FORM (FORM FPE)

For Use In Financial Planning Engagements

This disclosure form gives information about the CFP® certificant(s) and his/her/their business. This information has not been reviewed, approved or verified by CFP Board or by any governmental or self-regulatory authority. CFP Board does not warrant the specific qualifications of individuals certified to use its marks, nor does it warrant the correctness of advice or opinions provided.

PART I. GENERAL INFORMATION

(Code reference – Rule 401)

A. Business affiliation:

1. I am a Registered Representative for KMS Financial Services, Inc., a broker/dealer in Seattle, Washington, through which I offer securities.
2. I am an Investment Advisory Representative for KMS Financial Services, Inc., a broker/dealer in Seattle, Washington, through which I offer investment advisory services including financial planning, investment advice and other advisory services.
3. I am President of Transition Planning, Inc. which I founded in 2002 to facilitate my delivery of the above mentioned financial services to my clients.
4. I am also a licensed insurance agent for several insurance companies through which I provide insurance solutions as appropriate for my clients' situation and goals.

B. Address:

1. My mailing address and location is 22221 NE 11th Place, Sammamish, WA 98074.
2. My email address is glen@transitionplanninginc.com
3. My website is www.transitionplanninginc.com

C. Telephone number:

1. Cell 206-409-4329
2. FAX 866-785-4453
3. Office 425-868-7141

D. Information required by all laws applicable to the relationship:

1. I am a Certified Senior Advisor (CSA). Certified Senior Advisors have supplemented their individual licenses, credentials and education with knowledge about aging and working with seniors. Know what these licenses, credentials, and education signify. The CSA designation alone does not imply expertise in financial, health or social matters. For details, go to www.csa.us.
2. You may view the CFP Code of Ethics and Professional Responsibility at <https://www.cfp.net/certificants/conduct.asp>.

PART II. MATERIAL INFORMATION RELEVANT TO THE PROFESSIONAL RELATIONSHIP

(Written disclosures required to be provided prior to the engagement)
(Code reference – Rule 402)

A. My Basic philosophy in working with clients:

Plan ahead. Life involves major transitions, such as marriage, divorce, raising children, career change, accident or long-term illness, retirement and death. I am committed to helping people successfully navigate those major changes economically by being prepared prior to the event and walking with them and their families through their challenges.

B. Philosophy, theory and/or principles of financial planning which will be utilized:

1. Be completely debt-free and maintain that freedom.
2. Be good stewards of the time, talent and resources you have.
3. Diversify. Every investment has its own unique set of benefits and risks. Blend them well for more complete benefits and improved risk control.
4. What is important to you? How do you want to be remembered? What can prevent you from achieving your desired level of success? These are the issues that we must focus on for a fulfilling lifetime relationship.

C. My résumé can be viewed at <https://admin.emeraldconnect.com/preview/Our-Qualifications.4.htm>

D. Description of the financial planning services to be provided:

1. Discover your financial picture and risk profile by means of a Confidential Questionnaire and FinaMetrica Questionnaire.
2. Determine the feasibility of major financial goals like buying a home, funding higher education, or exploring retirement lifestyle changes.
3. Design investment strategies that fit your income needs both now and in the future.
4. As applicable, create greater flexibility for pension survivor options.
5. Discuss long term care portfolio protection.
6. Review wealth creation and preservation techniques.
7. Examine ways to protect your economic progress from catastrophic loss.
8. Recommend other professionals as necessary for legal documents and tax preparation or advice.
9. Increase awareness of issues that may have been overlooked in your financial planning process.
10. Meet both regularly and as needed to review progress and address new issues as they occur.
11. Work with your family and friends who desire my assistance.

E. Conflict(s) of interest and source(s) of compensation:

1. Conflict(s) of interest:

- i. Although the universe of insurance companies and money managers is rather large, I have narrowed the list of insurance companies that I use to a handful that are highly rated, offer excellent products and superior service.
- ii. To allow more time for the planning process, I have employed Clark Capital and various mutual funds to effectively manage most of my clients' portfolios.

2. Source(s) of compensation:

- i. My primary compensation comes from the asset management fee charged on the portfolios managed by Clark Capital and any mutual funds employed in a financial plan.
- ii. As insurance products are needed, the insurance company pays me a commission when a policy is issued.
- iii. If other types of investments are used, such as Real Estate Investment Trusts (REITs), I receive a one-time commission at the time of purchase.

3. Additional product cost disclosure is attached in Appendix A.

F. Agency or employment relationships:

1. Material agency or employment relationships with third parties:

- i. KMS Financial Services, Inc. is my broker/dealer that provides compliance oversight for the advice given and transactions processed for my clients.
- ii. Crump Insurance provides competitive solutions and efficient application processing for my clients' insurance needs.

2. Compensation resulting from such agency or employment relationships:

- i. After keeping a reasonable portion for operating expenses, KMS Financial Services, Inc. pays out a generous share of compensation earned from all sources of business processed through them.
- ii. No compensation is received from Crump Insurance; rather, insurance commissions are received directly from the company issuing the policy.

G. Other material information relevant to the professional relationship:

I am currently working on a backup plan for my clients to continue receiving service in the event of my death or disability.

PART III. ADDITIONAL NOTIFICATION

A. As a client or prospective client, you have the right to ask me, as a CFP® certificant, at any time for information about my compensation related to the services I provide you. I will communicate the requested information in reasonable detail as it relates to our financial planning engagement, including compensation derived from implementation.

This disclosure of compensation:

1. May be expressed as an approximate dollar amount or percentage or as a range of dollar amounts or percentages;
2. Shall be made at a time and to the extent that the requested information can be reasonably ascertained;
3. Will be based on reasonable assumptions, with estimates clearly identified, and;
4. Will be updated in a timely manner if actual compensation significantly differs from any estimates.

(Code reference - Rules 402 and 403)

B. As a CFP® certificant personal financial planning client, you have the right to receive annually the KMS Financial Services, Inc. SEC Form ADV Part II or the current revision of the disclosure you received when our relationship began. (Code reference - Rule 404)

Appendix A: Product Cost Disclosure Form J-1

There are many expenses associated with investments, which are detailed in the prospectus for your specific investments. This form attempts to help you understand how these expenses might affect you. Let’s start with sales charges, sometimes referred to as “loads”. The amount of sales charge depends on:

- 1) The class of shares purchased (i.e. Class A, B, C, I, M or T)
- 2) The dollar amount invested
- 3) How long you keep your investment before liquidating

Class A, M, and T shares include the sales charge in the price you pay per share, just like the markup on a retail item you might purchase at the store is included in the price of the merchandise. Similar to retail discounts on quantity purchases, these share class offer sales charge discounts for sums invested beyond certain “breakpoints”. The following table illustrates the reduced sales charge at each breakpoint for classes A, M, and T:

Amount Invested	Class A	Class M	Class T
\$0 - \$49,999.00	5.75%	3.50%	3.50%
\$50,000.00 - \$99,999.00	4.50%	2.50%	3.00%
\$100,000.00 - \$249,999.00	3.50%	1.50%	2.50%
\$250,000.00 - \$499,999.00	2.50%	1.00%	1.50%
\$500,000.00 - \$999,999.00	2.00%	0.00%	1.00%
\$1,000,000.00 +	0.00%	0.00%	0.00%

Class I shares generally have no front-end or back-end sales charges. Some Class C shares charge 1% up front while others do not. However, Class C shares have a 1% back-end surrender charge called a Contingent Deferred Sales Charge (CDSC) on withdrawal of principal held for less than 12 months. Class B shares have no front-end sales charge, but rather a decreasing CDSC on withdrawals of principal usually according to the following schedule:

Year:	1	2	3	4	5	6	7
CDSC:	5%	4%	3%	3%	2%	1%	0%

Annuities are similar to Class B or C shares in that there is no front-end sales charge, but rather a decreasing CDSC lasting up to 7 years instead of 6, like the following schedule:

Year:	1	2	3	4	5	6	7	8
CDSC:	7%	6%	6%	5%	4%	3%	2%	0%

This CDSC applies to a withdrawal exceeding 10% or 15% of your original investment or the previous anniversary balance, depending on your particular contract. For example, if you invested \$100,000, your contract allows 15% CDSC-free withdrawals based on original investment amount, and you withdrew \$20,000 in year 3, only \$5,000 would be charged 6%. So, in effect, it would cost you only \$300 for access to \$20,000. If this were not a retirement account, you would also pay income tax on any gain, with a 10% tax penalty if you were under age 59 ½. This tax penalty is waived if certain conditions of the tax code are met. There may be a \$25-\$30 annual contract fee for annuity balances under \$50,000. In addition, it should be understood that "B" share type of investments are illiquid and should not be required to be liquidated during the CDSC period and further, have higher internal costs which respectively impact long term performance.

Annuities also have another unique expense which regular mutual funds do not have, called a mortality and expense charge. This ranges from 1%-1.5% and provides special protection for the beneficiary of the contract until the contract owner turns 80 (some contracts maintain these benefits for life). Generally, the beneficiary is guaranteed to get the greater of the original investment amount, the current value, or the highest anniversary balance. Some contracts allow you to pay 0.05% - 0.25% extra to guarantee that the death benefit will always grow by at least 5%. In a Single Premium Variable Life Insurance (SPVL) this mortality and expense charge is slightly higher, ranging from 1.75% - 2.5%. However, there is a much greater immediate death benefit, which is passed onto the beneficiary totally income tax-free.

The premium tax on Variable Universal Life Insurance (VLI) is passed onto the insured as a front-end cost of about 8% on premiums as they are paid. The cost of life insurance depends on face amount (death benefit), age, health, occupation, avocation, and gender. It is deducted monthly from the investment sub-accounts, and increase as the years go by to reflect the increasing risk of paying out the death benefit. VLI typically has a surrender charge lasting 10 – 15 years, stated either as a dollar amount or a percentage of premiums paid. In addition to these charges being explained in your prospectus, they may also be summarized on your quarterly statements. There is usually a small fee, such as \$25-35 to withdraw any amount of funds from VLI cash value, and if you borrow from your policy, the net loan interest rate is typically 2% or less. As with any insurance purchase, there is generally an underwriting process at no cost to the applicant, and if a policy is issued the insurance company will pay the agent an initial commission sometimes with ongoing trailing commission for as long as the policy stays in force (presumably to cover ongoing service for the insured).

Any managed investment fund will also have operating expenses and management fees. These cover typical business expenses such as salaries, utilities, rent, trading, etc. and range from 0.30% to over 1%, depending on the size and type of fund (international stocks or US Government Bonds, for example). There may also be ongoing marketing expenses called 12b-1 fees as shown in the following table:

Share Class:	A	B	C	I	M	T
12b-1 Fee:	.25%	.25%	1%	0%	.65%	.50%

Choosing the appropriate type of insurance or investment and class of shares depends on your specific situation and objectives. The professional advice given has taken all of this into consideration. Continuing professional service will be covered by the sales charges and ongoing 12b-1 fees described above as it specifically relates to the insurance or investment strategy embarked on.

When using the types of investments described above, rebalancing a portfolio to maintain target asset class percentages or following a top manager when he/she moves to a new fund family can become difficult and expensive in terms of transaction fees (and taxes in nonqualified accounts). There may also be regulatory compliance problems if breakpoints are not met when attempting to utilize top fund managers who happen to be with different fund families.

An effective solution to these issues can be the use of professionally designed portfolios that are regularly rebalanced and managed with tax control in mind. Clark Capital designs such portfolios, blending the talents of institutional money managers and monitoring their performance on a daily basis. There are no sales charges or CDSC fees to participate in these complete portfolios. The huge amount of money managed enables operating expenses to range from .80% to 1.25% depending on the portfolio chosen and whether the Sentry Option is chosen. The Sentry Option is an innovative institutional-level strategy for portfolio protection that utilizes volatility-related Exchange Traded Products (ETPs) in an effort to prevent considerable portfolio losses due to severe market setbacks. Minimum initial account balances with this Sentry Option range from \$125,000 to \$325,000 depending on how aggressive or conservative the portfolio selected is. In place of 12b-1 Fees, the advisor charges an asset management fee ranging from .5% to 1.5% annually depending on the total value of assets managed in these portfolios. My annualized fee schedule on these accounts is 1%. One fourth of the asset management fee is deducted from the account or billed directly at the end of each calendar quarter. It is this asset management fee that covers the cost of periodic financial reviews and communications in between as needed.

Another type of asset class that may be used in a well-diversified portfolio might be a Real Estate Investment Trust (REIT). This entirely different class of investment may be publicly traded or not. As with any real estate transaction, these have an up-front cost of about 10% and should be considered illiquid and very long-term. Part of the initial cost is shared with the advisor, and there is typically no further compensation to the advisor after that.

Additional investment options are available through the brokerage account services at KMS Financial Services, Inc. The negotiated fee charged depends on the level of discretion allowed and the amount managed, ranging from 0.25% to 2.0%.

Other specific planning services are offered under a mutually agreed upon contract on a project fee basis that is outlined in Glen's Letter of Agreement when these services are engaged.