October 15, 2021

Clarence Ramirez

1234 J Street, NW

Washington, DC 20008

Dear Clarence:

I enjoyed our conversation and I am pleased to be working with you. This letter gives you important information about the work that we (my firm and I) will do for you, how you will pay for services and products, and how we will be paid for the work that we will do for you.

***Drafting Notes:*** If your previous communication with the client was not a conversation (it might have been an email, for example), then change the language here and in the **We Will Provide You the Following Services and Products** section (below).

You will find other important information and a description of my obligation to act in your best interests in my firm’s Client Relationship Summary (Form CRS), Form ADV, and Investment Advisory Agreement. These documents provide additional information not in this letter, including about how you will pay and how we are paid. We gave you these documents. You should review them carefully and let us know if you have any questions.

***Drafting Notes*:** Confirm that the document titles in the paragraph above and in the first sentence in the **How You Will Pay for Services and Products** section (below) match the titles on the documents you gave your client. If they differ, then change the titles in this letter to match those on your documents. If you have provided other documents that describe the information addressed in this letter, then you should add those titles to the list above.

If you have enclosed or attached the documents to this letter or provided the documents in separate correspondence, then change the language above and in the **How You Will Pay for Services** **and Products** section (below).

If you want to provide information about the fiduciary duty set forth in CFP Board’s *Code and Standards*, then after you consider your firm’s policies and procedures and consult with your manager, compliance officer, or other appropriate person, you could provide that information here. Consider adding this language: “As we discussed I am a CFP® professional and have agreed to comply with CFP Board’s *Code of Ethics and Standards of Conduct.* The *Code and Standards* includes a fiduciary duty, which provides that ‘At all times when providing financial advice to a client, a CFP® professional must act as a fiduciary, and therefore, act in the best interests of the client.’”

**WE WILL PROVIDE YOU THE FOLLOWING SERVICES AND PRODUCTS**

You have engaged us to provide financial planning, including investment advisory services. Based on our recent conversation, we understand that you would like to focus on the following:

1. Cash flow planning, including preparing a cash flow summary and planning for an emergency fund;
2. Investment planning, including reviewing your current investment portfolio and developing and implementing an asset management strategy;
3. Retirement planning, including analyzing how likely you are to meet your target goals by your retirement date; and
4. Estate, gift, and wealth transfer planning, including assessing your estate net worth and liquidity, and whether you should create a trust for the benefit of your grandchildren.

***Drafting Notes:*** The above services and their descriptions are examples. The information that you provide in your client letters will be specific to your clients.

In your client letters, you may list more or less information than shown here. For example, if you will discuss estate planning with a client, then you might specifically identify the client’s needs (such as a trust for the benefit of the grandchildren, as provided in the example). Or you might limit your services and recommend that the client obtain advice from an attorney who specializes in estate planning. With either approach, you may want to add language to address legal or other concerns.

Here is our approach to financial planning:

1. At first, we will ask you for information, so we can understand your personal and financial circumstances.
2. Then we will work with you to identify and select goals.
3. After you have chosen goals, we will analyze your current course of action and other approaches you might take.
4. Next, we will develop the financial planning recommendations.
5. Then we will present the financial planning recommendations to you, along with the information we considered to develop them.
6. After that, we will analyze and recommend actions, products, and services to implement the financial planning recommendations. We will work with you to decide which of my recommendations you would like to implement.
7. At least annually, we will monitor your financial plan. This will include:
   * 1. Analyzing the progress you have made toward achieving your goals. We will remind you to tell us about changes in your personal and financial circumstances. When needed, we will update your goals, our recommendations, and the selection of the actions, products, and services we have recommended.
     2. Monitoring the investments in your Investment Advisory Account and any actions we have taken.

***Drafting Notes:*** The language above is based on how CFP Board describes the financial planning process. Your description may be different from the example above, so long as it is accurate and consistent with CFP Board’s Practice Standards for the Financial Planning Process. While you must follow the seven-step process, you are not required to use seven numbered bullets to explain it.

If you and the client have agreed that you will not provide implementation, monitoring, and/or updating services, then you should delete those steps from this section and explicitly state that you will not provide those services.

The monitoring obligation for the financial planning recommendations aligns with CFP Board’s Practice Standards for the Financial Planning Process. Under certain circumstances, you also may have a monitoring obligation under relevant law, rule, or regulation. You should consider the effect that the monitoring language you include in this letter may have on your legal or regulatory requirements.

Here is our approach to providing you with **investment advisory** services:

1. At the beginning, we will meet with you to develop investment goals and strategies that are consistent with your financial planning goals.
2. We gave you our Investment Advisory Agreement. It describes our advisory relationship and my firm’s investment practices that apply to you. We will manage the Investment Advisory Account on a *discretionary* basis. That means we will buy and sell investments for the accounts without first getting your specific authorization for each transaction. We will base these decisions solely on our best judgment about what is in your best interests at that time.

***Drafting Notes:*** The above services and their descriptions are examples. The information you provide in your client letters will be specific to your clients.

If needed, change the title of the document in the second numbered bullet above (Investment Advisory Agreement) to match the precise title of your document.

If your Investment Advisory Agreement does not give you discretionary authority to buy and sell investments, then replace the last three sentences in the second numbered item above with information relevant to your client, including how you or your firm will obtain the client’s trade authorization.

1. We will help you choose a firm (such as a broker-dealer or a bank) to hold (have custody of) the assets that we will manage for you. A separate custodial agreement will outline how your assets will be held and how you may access your assets.

***Drafting Notes:*** If your firm recommends a specific asset custodian, then modify the language to identify that firm.

If your firm is the custodian for the client’s funds, then change the language to reflect that arrangement.

1. My firm will send you a report each calendar quarter that will show the value of your accounts, your accounts’ performance, and other account-related information. The report will show all transactions made in the accounts during the quarter, and any costs or fees deducted from your accounts. In the meantime, you can access your monthly statement online.

***Drafting Notes:*** If the broker-dealer or another firm sends reports to clients, then change the language to reflect that information.

If your firm sends reports on a different schedule, then modify the language accordingly. If your firm does not send reports but makes them available to the client only online, then modify the language.

If your firm does not provide access to reports online, or if the reports do not show the information described, then modify the language.

1. We will monitor these accounts and when appropriate, update your goals, our recommendations, and the selection of the actions, products, and services we have recommended.

As we learn more about your needs, we may discover other services you may need. If you need services that we do not provide, such as accounting and legal services, then we also may be able to recommend professionals to provide those services.

***Drafting Notes:*** If the examples in the second sentence above (accounting and legal services) are not relevant to your practice, please provide examples that are.

**How You Will Pay for Services and Products**

My firm’s Form CRS, Form ADV, and Investment Advisory Agreement include more information about how you will pay for products and services. We gave you these documents. You also can access them online. We will help you understand the fees you will pay and the cost of any services and products we recommend. Let us know if you have any questions.

***Drafting Notes:*** Confirm that the document titles in the first sentence above match the titles on the documents you gave your client. If they differ, then, change the titles in this letter to match those on your documents. You also might note (if true) that your firm’s Form CRS and/or Form ADV is available on the firm’s website and provide the link to that website. If you have given your client documents that describe the information addressed in this letter, then you should add those titles to the list above.

If your firm does not give clients online access to the documents, then modify the language above.

If you can provide more specific information about how much or what types of fees and expenses the client will pay, then you should add that information.

* **You will pay an advisory fee each quarter.** The advisory fee covers our costs to manage your assets and provide other financial planning services. My firm will deduct the fee from your accounts based on the average of the values of the Investment Advisory Account on the last business day of each of the last three months. The amount of the fee is 1% of the average Investment Advisory Account value. If your account value increases to more than $1 million, then the fee on the amount above $1 million will be 0.75%. There are additional details in the Investment Advisory Agreement. You should review that agreement carefully and let us know if you have any questions.

***Drafting Notes:*** If the language above does not accurately describe how your firm is compensated, then modify the language to provide an accurate description.

If your firm calculates the advisory fee differently, then modify the language above to describe how your advisory fee is calculated.

If your firm aggregates accounts, such as family accounts, when calculating breakpoints, then you should modify the language above.

If your firm uses a term other than “advisory fee,” then change the language in the bullet above to use your firm’s term.

If the fee is paid on a schedule other than quarterly, then change the language to reflect the specific payment schedule.

If your firm charges hourly, then state the hourly fee and the hourly increments in which your firm bills. If different members of the firm bill at different hourly rates, then list the rate of each person who may provide services to the client.

If your firm bills a flat one-time or annual fee, then state the specific fee and the time period that it covers. For example: “You will be charged a $5,000 annual fee through December 31, 2022, payable in quarterly payments of $1,250 beginning March 31, 2022.”

* **If you invest in mutual funds and exchange-traded funds (ETFs), then you will pay fees and expenses to third parties.** In addition to the advisory fee you pay us, these products have operating expenses and ongoing fees. Mutual fund and ETF fees and expenses can include investment management fees and shareholder service fees.

* **You will pay fees and expenses to the firm that holds (maintains custody of) your assets.**

***Drafting Notes:*** If there are other ways that the client may pay fees and expenses to third parties, then add bullets to describe those fees and expenses.

***You will pay fees and expenses whether you make or lose money on your investments. Fees and expenses will reduce the amount you earn on your investments.***

**How We (The Firm and I) Will Be Paid**

You pay my firm an advisory fee. I am paid a salary plus a part of the advisory fees that clients pay my firm. You will find more information about payments to me and my firm in my firm’s Form CRS, Form ADV, and Investment Advisory Agreement.

***Drafting Notes:*** Confirm that the document titles in the last sentence above match the titles on the documents you gave your client. If they differ, then, change the titles in this letter to match those on your documents. If you gave your client other documents that describe the information addressed in this letter, then you should add those titles to the list above.

**I**f your firm uses a term other than “advisory fee,” then change the language in the sentences above to use your firm’s term.

If you are paid in different or additional ways (including if you are not paid a salary), then replace the language in the second sentence with language that describes how you are paid.

If there are ways that you are paid by firms that are not related to your firm, then describe them here.

If you or your firm receives any sales-related compensation or a related party receives any sales-related compensation in connection with any professional services you or your firm provides to clients, **then you may not describe your practice as fee-only.**

**My Material Conflicts of Interest**

We have a conflict of interest whenever we have interests that are different from yours. Conflicts can affect the recommendations we give you. When we have a conflict, we will tell you. You can find more information about our conflicts of interest in my firm’s Form CRS, Form ADV, and Investment Advisory Agreement. We have policies and procedures designed to help manage conflicts. We will always work in your best interests.

* **The ways you pay us create conflicts of interest**. The amount we earn from working with you depends, in part, on the amount of assets we manage for you. We have a financial incentive to recommend that you make financial decisions that would result in more assets under our management.

* **If we provide other services to you in the future, there may be different conflicts***.* When we have a conflict of interest, we will tell you about it.

If you are concerned about a conflict of interest and how it might affect your accounts, please talk to me about it.

***Drafting Notes:*** These material conflicts of interest are examples. If they do not apply to your practice, then do not include them in your letter. If you have other material conflicts of interest, then you need to disclose them here.

**Your Responsibilities**

It is **your** responsibility to update the information you have given me about your personal and financial circumstances. You will be sent account reports at least quarterly. You also can access the reports online. You should review these documents carefully. Let me know if you want to talk about the information in these documents.

***Drafting Notes:*** You will need to modify the **Your Responsibilities** section if your firm sends reports on a schedule other than quarterly, or if another firm sends the reports, or if your firm does not send reports but makes them available to the client online, or if your firm does not make reports available to clients online, or if your clients have other responsibilities not described here.

**Timing of the Engagement**

Our engagement will continue until one of us decides to change or end it. If you decide to change or end the engagement, you just need to tell us. We can do the same, but we will tell you in writing.

***Drafting Notes:*** If your firm has a specific policy about when and how notice must be given to end the engagement, then it should be stated here.

**Your Personal Information**

My firm has adopted and implemented policies about protecting and sharing your non-public personal information. We have given you our privacy policy.

***Drafting Notes:*** If you enclosed or attached the privacy policy with this communication or will provide it at another time, then change the language in the last sentence.

**Public Disciplinary and Bankruptcy History**

In 2017, the Securities and Exchange Commission (“SEC”) and the Certified Financial Planner Board of Standards, Inc. sanctioned me for failing to maintain required records. You will find more information at <https://adviserinfo.sec.gov/> and [cfp.net/verify](http://cfp.net/verify).

***Drafting Notes:*** If you do not have public disciplinary or bankruptcy history, then you may choose whether to include this section.

**Thank You for Working with Us**

Thank you for choosing us to work with you. We look forward to getting to know you better. You may reach me at BiancaThompson[@financialfirm.com](mailto:@financialfirm.com) or 202-379-2200.

Sincerely,

Bianca Thompson, CFP©