



**CROSSROADS**

Where your financial goals meet your life goals

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**Form ADV Part 2A**  
**Firm Brochure**  
January 14, 2021

This brochure provides information about the qualifications and business practices of Crossroads Planning, LLC. If you have any questions about the content of this brochure, please contact Tony Chan at (714) 393-9784.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Crossroads Planning, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD ("CRD") number, which is 277127.

While the firm and its associates may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing in itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

## **Item 2 – Material Changes**

There are currently no material changes on this version of Form ADV Part 2.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or may contact our firm at (714) 393-9784 to request a copy at any time.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

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### **Important Information**

Throughout this document Crossroads Planning, LLC may also be referred to as “the firm,” “firm,” “our,” “we” or “us.” The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons*, and may refer to natural persons and legal entities. In addition, the term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., internet address, etc.).

## **Item 4 - Advisory Business**

### **Description of the Firm**

Crossroads Planning, LLC is a California domiciled limited liability company formed in 2015. We may operate under the business name Crossroads Planning. Our firm is not a subsidiary of nor does it control another financial services industry entity. In addition to our 2015 registration as an investment advisor in the State of California, our firm and its associates may register, become licensed or meet certain exemptions to registration and/or licensing in other jurisdictions in which investment advisory business is conducted. Crossroads Planning, LLC currently reports \$23,000,000 in discretionary Assets Under Management as of December 31, 2020.

Tony T. Chan, CFP®, EA is the firm's Principal and Chief Compliance Officer (supervisor).<sup>1</sup> He is also Managing Member and maintains controlling interest in the firm. Additional information about Mr. Chan and his background may be found toward the end of this brochure.

### **Description of Advisory Services Offered**

The firm's *financial planning services* provide clients with advice on key topics such as cash flow and budgeting, funding a college education, retirement planning, and risk management, estate or tax planning, among others. Ongoing and continuous supervision of clients' portfolios are provided through our *portfolio management services* offering as well as engaging the services of institutional investment managers. We also provide periodic *educational workshops* involving a broad range of financial planning and investing topics.

An initial interview is conducted by a representative of our firm to discuss your current situation, goals and the scope of services that may be provided to you. During or prior to this meeting you will be provided with our Form ADV Part 2 firm brochure that includes a statement involving our privacy policy, as well as a brochure supplement about the representative who will be assisting you. We will also ensure that any material conflicts of interest have been disclosed to you that could be reasonably expected to impair the rendering of unbiased and objective advice.

Should you wish to engage Crossroads Planning, LLC for its services, you must first execute our client engagement agreement. Thereafter discussion and analysis will be conducted to determine your financial needs, goals, holdings, etc. Depending on the scope of the engagement, you may be asked to provide copies of the following documents early in the process:

- Wills, codicils and trusts
- Insurance policies
- Mortgage information
- Student loans
- Tax returns
- Divorce decree or separation agreement
- Current financial specifics including W-2s or 1099s
- Information on current retirement plans and benefits provided by your employer
- Statements reflecting current investments in retirement and non-retirement accounts

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<sup>1</sup> Refer to the end of this brochure for an explanation of designation prerequisites and continuing education requirements.

- Employment or other business agreements you may have in place
- Completed risk profile questionnaires or other forms provided by our firm

It is important that we are provided with an adequate level of information and supporting documentation throughout the term of the engagement including but not limited to: source of funds, income levels, and an account holder or attorney-in-fact's authority to act on behalf of the account, among other information that may be necessary for our services. The information and/or financial statements provided to us need to be accurate. Our firm may, but is not obligated to, verify the information that you have provided to us which will then be used in the advisory process.

It is essential that you inform our firm of significant issues that may call for an update to their plan. Events such as changes in employment or marital status, an unplanned windfall, etc., can have an impact on your circumstances and plans. Our firm needs to be aware of such events so that adjustments may be made as necessary.

### ***Financial Planning Services***

Financial planning services may be as broad-based or narrowly focused as you desire. The incorporation of most or all of the listed components allows not only a thorough analysis but also a refined focus of your plans so that the firm is able to assist you in reaching your goals and objectives.

### ***Cash Flow Analysis and Debt Management***

A review of your income and expenses will be conducted to determine your current surplus or deficit. Based upon the results, we will provide advice on prioritizing how any surplus should be used, or how to reduce expenses if they exceed your income. In addition, advice on the prioritization of which debts to repay may be provided, based upon such factors as the debt's interest rate and any income tax ramifications. Recommendations may also be made regarding the appropriate level of cash reserves for emergencies and other financial goals. These recommendations are based upon a review of cash accounts (such as money market funds) for such reserves and may include strategies to save desired reserve amounts.

### ***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").

### ***Employee Benefits***

A review is conducted and analysis is made as to whether you, as an employee, are taking maximum advantage of your employee benefits. We will also offer advice on your employer-sponsored retirement plan and/or stock options, along with other benefits that may be available to you.

### ***Personal Retirement***

Retirement planning services typically include projections of your likelihood of achieving your financial goals, with financial independence usually the primary objective. For situations where projections show less than the desired results, a recommendation may include showing you the impact on those projections by making changes in certain variables (i.e., 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.

### College Funding

Advice involving college funding may include projecting the amount that will be needed to achieve post-secondary education funding goals, along with savings strategies and the “pros-and-cons” of various college savings vehicles that are available. We are also available to review your financial picture as it relates to eligibility for financial aid or the best way to contribute to family members, such as grandchildren, if appropriate.

### Tax Strategies

Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, recommendations may be offered as to 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. Upon your request, tax preparation and enrolled agent services are provided under a separate engagement with Mr. Chan.

### Estate Planning

Our review typically 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. We may assess ways to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts. We generally 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.

### Divorce Planning

Separation or divorce can have a major impact on your goals and plans. We will work with you to help you gain an understanding of your unique situation and provide you with a realistic financial picture so that you are in a better situation to communicate with legal counsel, a mediator or soon to be ex-spouse. We can assist in the completion of cash flow and net worth projections, budgetary analysis, division of property, as well as help you to understand what the consequences and/or benefits are involving a settlement.

### Investment Consultation

Investment consultation services often involve providing information on the types of investment vehicles available, employee retirement plans and/or stock options, investment analysis and strategies, asset selection and portfolio design, as well as limited assistance if your investment account is maintained at another broker/dealer or custodian. The strategies and types of investments that may be recommended are further discussed in Item 8 of this brochure.

### Business Consultation

We are available to assist small businesses in a variety of ways to include business strategy, practice management, general financial advice, debt management, as well as assisting you with matters involving

coordination with your financial institution, attorney or accounting firm. Upon request, small business bookkeeping services are provided under a separate engagement with Mr. Chan.

### ***Broad-Based v. Modular Financial Planning***

A broad-based plan is an endeavor that requires detail. Certain variables can affect the cost involved in the development of the plan, such as the quality of your own records, complexity and number of current investments, diversity of insurance products and employee benefits you currently hold, size of the potential estate, and special needs of the client or their dependents, among others. While certain broad-based plans may require 10 or more hours to complete, complex plans may require more than 20 hours.

At your request we may concentrate on reviewing only a specific area (modular planning), such as an employer retirement plan allocation, funding an education or estate planning issues, or evaluating the sufficiency of your current retirement plan. Note that when these services focus only on certain areas of your interest or need, your overall situation or needs may not be fully addressed due to limitations you may have established.

Whether we have created a broad-based or modular plan, we will present you with a summary of our recommendations, guide you in the implementation of some or all of them per your decision, as well as offer you periodic reviews thereafter. In all instances involving our financial planning engagements, our clients retain full discretion over all implementation decisions and are free to accept or reject any recommendation we make.

### ***Educational Workshops***

Crossroads Planning provides periodic complimentary educational seminar sessions for those desiring information on personal finance and investing. Topics may include issues related to general financial planning, educational funding, estate planning, retirement strategies, implications involving changes in marital status, and various other current economic or investment topics. Our workshops are educational in nature and do not involve the sale of insurance or investment products.

### ***Portfolio Management Services***

You may engage our firm to implement investment strategies that we have recommended to you. Depending on your risk profile, goals and needs, among other considerations, your portfolio will involve the employment of one of our investment strategies as well as either a broad range or more narrowly focused choice of investment vehicles which are further discussed in Item 8 of this brochure.

Where appropriate, we will prepare investment guidelines reflecting your objectives, time horizon, tolerance for risk, as well as any reasonable account constraints you may have for the portfolio. These guidelines will be designed to be specific enough to provide future guidance while allowing flexibility to work with changing market conditions. Since this effort is the product of information and data you have provided, you may be asked to review it and provide your final approval. We will then develop a customized portfolio for you based on your unique situation, investment goals and tolerance for risk. We serve as your portfolio manager on a discretionary or nondiscretionary basis (defined in Item 16), and the engagement typically includes:

- Determination of risk tolerance
- Investment strategy

- Investment guideline development
  - Asset allocation
  - Asset selection
- 
- Regular monitoring
  - Periodic rebalancing

Alternatively, following our review and/or plan development, we may recommend that you engage an institutional investment manager to serve your portfolio. Prior to recommending a third-party investment manager or sub-advisor, we will conduct what we believe to be an appropriate level of due diligence that includes ensuring the third-party manager/sub-advisor (“investment manager”) is appropriately registered or notice-filed within your state of residence. Clients may be required to maintain a minimum account size to be eligible for this service, and certain investment managers may require a higher asset-level to invest in their program. We will inform you in advance of any minimum investment criteria.

Under this type of engagement, we will gather input from you about your financial situation, investment objectives, reasonable restrictions you may want to impose on the management of the account, and we will then provide this information to the investment manager to develop your portfolio. The investment managers will invest on behalf of a client account in accordance with the strategies set forth in their own disclosure documents which will be provided to you by our firm prior to your employing these strategies. The selected investment manager assumes discretionary authority over an account, and some of these programs may not be available for those clients who prefer an account to be managed under a nondiscretionary engagement or whom may have other unique account restrictions.

At least annually thereafter a review will be performed from both a compliance and performance perspective to determine whether the selected investment manager remains an appropriate fit for your portfolio.

#### Wrap Fee Programs

Our firm does not sponsor or serve as a portfolio manager in an investment program involving wrapped (bundled) fees.

#### Client Assets Under Management

Crossroads Planning has client reportable discretionary assets under our management<sup>2</sup> of \$500,000 and no non discretionary assets under management as of December 31, 2016.

#### General Information

Crossroads Planning does not provide legal, public accounting or insurance related services. With your consent, we may work with other professional advisors, such as an estate planning attorney, to assist with the coordination and implementation of accepted strategies. You should be aware that these other professionals will charge you separately for their services and these fees will be in addition to our own advisory fees.

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<sup>2</sup> The term “assets under management” and rounding per the SEC’s *General Instructions for Part 2 of Form ADV*.

Our firm will use its best judgment and good faith effort in rendering its services. We cannot warrant or guarantee the achievement of a planning goal or any particular level of account performance or that your account will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, our firm will not be liable to the client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by our firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from our adherence to your direction or that of your legal agent; any act or failure to act by a service provider maintaining an account.

Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document or our client engagement agreement shall constitute a waiver of any rights that a client may have under federal and state securities laws.

### **Item 5 - Fees and Compensation**

Forms of payment are based on the types of services being provided, term of service, etc., and will be stated in your engagement agreement with our firm. Fees are to be paid by check or draft from US-based financial institutions. With your prior authorization payment may also be made through a qualified, unaffiliated PCI compliant<sup>3</sup> third-party processor, or withdrawal from your investment account held at your custodian of record. Payment requests for our advisory fees will be preceded by our invoice, and fees paid to our firm will be noted in your account statement you will receive from your custodian. Our firm does not accept cash, money orders or similar forms of payment for its engagements.

#### **Types of Fees and Payment Schedule**

##### ***Financial Planning Services***

###### **Monthly Retainer Fee**

We begin by taking the steps necessary to establish your financial foundation. This includes preliminary meetings, review of financial documents (tax returns, bank or brokerage statements, etc.), and then the development of your financial plan. Our retainer service includes delivery of the plan and assistance in its execution to ensure you remain on track. We do not assess an initial project fee; instead we charge a monthly fee of \$200 which is due within the first 10 calendar days of each month. The first month's fee is due upon executing our engagement agreement which we will prorate based on the number of days remaining in the month.

###### **Hourly Fee**

Clients interested in a limited planning component engagement are assessed an hourly fee. Our rate is \$250 per hour; billed in 30-minute increments, and a partial increment (e.g., 10 minutes) will be treated as a whole increment. Prior to entering into an agreement with our firm you will receive an estimate of the overall cost based on your requirements and the time involved. We do not require a deposit to initiate the engagement; the entire fee is due upon delivery of our invoice which coincides with the presentation of your plan. An hourly engagement lasting more than one month may be billed at the end of each month for time incurred.

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<sup>3</sup> For an explanation of the term "PCI," who the PCI Security Standards Council is, as well as its comprehensive standards to enhance payment card data security, please go to [https://www.pcisecuritystandards.org/security\\_standards/index.php](https://www.pcisecuritystandards.org/security_standards/index.php)

### ***Educational Workshops Fees***

Workshops sessions are complimentary; no fee is assessed by our firm.

### ***Portfolio Management Services Fees - Internal Portfolio Management***

Our portfolio management service clients are assessed via an annualized asset-based fee that is based on the average daily balance during the previous calendar quarter. Using an average daily balance allows our firm to readily adjust for additions and withdrawals, as well as mid-cycle account openings or closures. Our fee is based on a straight tier; all accounts are charged a single percentage rate that declines as asset levels increase. We bill on a quarterly basis, in arrears, per the following table.

<b>Assets Under Management</b>	<b>Annualized Asset-Based Fee</b>
\$0 - \$999,999	1.00% (100 basis points)
\$1,000,000 - \$2,999,999	0.75% (75 basis points)
\$3,000,000 - \$3,999,999	0.50% (50 basis points)

If a sub-advisor is engaged to manage a portion or your entire portfolio at our custodian, an annualized asset-based fee will be charged to your account on a quarterly basis and in arrears as described above. Each sub-advisor has a stated fee range that will be described to you prior to the selection of that investment manager; ranging from 0.25% to 1.00% (25 to 100 basis points) depending upon the program selected, investment strategies involved, portfolio holdings, and asset size of the account. This fee is in addition to our own per the fee schedule above.

### **Aggregating Fees**

For the benefit of discounting your asset-based fee, we will attempt to aggregate accounts for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member's or incompetent person's account.

### **Account Valuations**

Accounts will be assessed in accordance with asset values disclosed on the statement the client will receive from the custodian of record for the purpose of verifying the computation of the advisory fee. In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., unaffiliated public accounting firm), and the client may choose to separately seek such an opinion at their own expense as to the valuation of "hard-to-price" securities if necessary.

### **Billing Notices**

Your first billing cycle will begin once your agreement is executed with our firm and assets have settled into your account held by the custodian of record. Fee payments will generally be assessed within the first 15 days of each billing cycle. We will concurrently send you and the custodian of record a written notice ("invoice") each billing period that describes the advisory fees to be deducted from your account at our direction. This notice will be delivered prior to the deduction of fees. Your notice will include the total fee assessed, covered time period, calculation formula utilized, and reference to the assets under management in which the fee had been based. It is important that you verify the accuracy of fee calculations; the custodian may not verify the accuracy of advisory fee assessments for you.

### **Fee Withdrawals**

By signing our firm's engagement agreement, as well as the selected custodian account opening documents, you will be authorizing the withdrawal of our advisory fees from your account. The withdrawal will be accomplished by the custodian of record at the request of our firm, and the custodian will remit our fee directly to our firm. All fees deducted will be clearly noted on account statements that you will receive directly from the custodian of record on at least a quarterly basis.

Alternatively, you may request to directly pay our advisory firm its portfolio management fee in lieu of having the advisory fee withdrawn from your investment account. Our valuation assessment will remain the same as described above, and the client's direct payment must be received by our firm within 15 days of our invoice.

### ***Portfolio Management Services Fees - Third-Party Investment Managers***

Each third-party investment manager program has a stated fee range that will be described to you through the use of that investment manager's disclosure documents and prior to your selection of the manager. We will inform you in advance as to whether the selected third-party investment manager(s) will allow for account aggregation for the purpose of fee discounts.

The annualized asset-based fee ranges from 0.75% to 1.75% (75 to 175 basis points) and our firm will receive a portion ranging from 0.45% to 1.45% (45 to 145 basis points) for our consultation service, which we will describe to you in your engagement agreement with our firm.

Investment management services fees, including debits and credits, will be noted on account statements that you will receive directly from the custodian of record on a quarterly or more frequent basis. We are not directly involved in the billing process of third-party investment accounts. We urge you to verify the accuracy of fee calculations; the custodian may not verify the accuracy of third-party manager fees for you.

Your written authorization is required in order for the custodian of record to deduct advisory fees from your investment account. By signing the custodian account documents, you will be authorizing the withdrawal of fees from your account. The withdrawal of these fees from your account will be accomplished by the custodian of record. Most third-party managers do not allow for direct payment (e.g., payment by check, etc.). Our portion of the advisory fee will be remitted directly to our firm via the third-party investment manager.

### ***Discounting of Advisory Fees***

The services to be provided to you and their specific fees will be detailed in your engagement agreement. Our published advisory fees may be discounted and the final determination will be made by our firm. We strive to offer fees that are fair and reasonable in light of the experience of our firm and the services to be provided to you. We are obligated under California statute to inform you that similar services may be made available from others and potentially at a lesser fee.

### **Additional Client Fees**

Any transactional or service fees (sometimes termed *brokerage fees*), individual retirement account fees, qualified retirement plan fees, account termination fees, or wire transfer fees will be borne by the account holder per the separate fee schedule of the custodian of record. We will ensure you receive a copy of our recommended custodian's fee schedule at the beginning of the engagement, and you will be notified of any future changes to these fees by the custodian of record and/or third party administrator for certain tax-qualified plans.

Fees paid by our clients to our firm for our advisory services are separate from any of these fees or other similar charges. In addition, advisory fees paid to our firm for its services are separate from any transactional charges a client may pay, as well as those for mutual funds, ETFs, exchange-traded notes (ETNs), index mutual funds or other investments of this type.

Per annum interest at the current statutory rate in which the client resides may be assessed on fee balances due more than 30 days, and we may refer past due accounts to collections or legal counsel for processing. We reserve the right to suspend some or all services once an account is deemed past due.

Additional information about our fees in relationship to our brokerage and operational practices are noted in Items 12 and 14 of this document.

#### External Compensation for the Sale of Securities to Clients

Our firm does not charge or receive a commission or a mark-up on securities transactions, nor will the firm or an associate be paid a commission on the purchase of a securities holding that is recommended to a client. We do not receive “trailer” or SEC Rule 12b-1 fees from an investment company that may be recommended to a client. Fees charged by such issuers are detailed in prospectuses or product descriptions and interested investors are always encouraged to read these documents before investing. Our firm and its associates receive none of these described or similar fees or charges. You retain the option to purchase recommended or similar investments through your own selected service provider.

#### Termination of Services

Either party may terminate the agreement at any time by communicating the intent to terminate in writing. If you verbally notify our firm of the termination and, if in two business days following this notification we have not received your notice in writing, we will make a written notice of the termination in our records and send you our own termination notice as a substitute. Our firm will not be responsible for investment allocation, advice or transactional services (except for limited closing transactions) upon receipt of a termination notice. It will also be necessary that we inform the custodian of record and/or third-party investment manager that the relationship between parties has been terminated.

If a client did not receive our Form ADV Part 2 firm brochure at least 48 hours prior to entering into the firm’s agreement, then that client will have the right to terminate the engagement without fee or penalty within five business days after entering into the agreement. Should a client terminate a financial planning service after this five-day time period, the client may be assessed fees at the firm’s current hourly rate for a limited component service and on a per-day proration for our monthly retainer service. When a portfolio management services client terminates their agreement after the five-day period, the client will be assessed fees on a prorated basis for services incurred from either (i) as a new client, the date of the engagement to the date of the firm’s receipt of the written notice of termination, or (ii) all other accounts, the last billing period to the date of the firm’s physical or constructive receipt of written termination notice.

The firm will return any prepaid, unearned fees within 30 days of the firm’s receipt of termination notice. Earned fees in excess of any prepaid deposit will be billed at the time of termination and will be due upon receipt of our invoice.

Our return of payment to a client for our financial planning services will only be completed via check from our firm’s US-based financial institution; no credits or “transaction reversals” will be issued. We will only coordinate remuneration of any prepaid asset-based fees to an investment account via the account

custodian. Return of prepaid fees will never involve a personal check, cash or money order from our firm or from an associate of our firm.

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

Our firm's advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees.

Our fees will also not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

#### **Item 7 - Types of Clients**

We provide advisory services to individuals and high net worth individuals of all investment experience, as well as small businesses. We do not require minimum income, minimum asset levels or other similar preconditions, and we will inform you in advance of any minimum criteria should a third-party investment manager or sub-advisor be engaged. We reserve the right to waive or reduce certain fees based on unique individual circumstances, special arrangements or preexisting relationships. Crossroads Planning reserves the right to decline services to any prospective client for any nondiscriminatory reason.

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

##### **Methods of Analysis and Investment Strategies**

We employ what we believe to be an appropriate blend of fundamental, charting, technical, and cyclical analyses. For example, fundamental analysis may involve evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical and cyclical analysis may involve studying the historical patterns and trends of securities, markets, or economies as a whole in an effort to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential. The resulting data may then be applied to graphing charts, which is then used to assist in the prediction of future price movements based on price patterns and trends. Our research is often drawn from sources such as financial periodicals and reports from economists and other industry professionals.

Our investment strategy is primarily based on Modern Portfolio Theory; the belief that proper diversification and risk management will provide an investor client with a stable and consistent return over time. It has been statistically determined that, on a risk adjusted basis, individual asset classes will generally outperform most asset classes over time. We therefore do not employ market timing techniques or specific stock selection methods, instead we take a buy-and-hold strategy with periodic rebalancing of the account to maintain desired risk levels. We will mostly use passive, low cost mutual funds and ETFs. In markets where efficiency is not as apparent and passive strategies do not provide an adequate risk/return tradeoff, we may choose to employ actively managed funds to gain the return and diversification exposure desired.

##### **Investment Strategy and Method of Analysis Material Risks**

Our firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that an investment objective will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear. We have offered examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each of them risk prior to investing.

### ***Active Portfolio Management***

A portfolio that employs active management strategies (e.g., tactical trading) may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover.” This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management.

### ***Charting and Technical Analyses***

The risk of investing based on technical analyses and their supporting charts is that they may not consistently predict a future price movement; the current price of a security may reflect all known information. Further, a particular change in the market price of a security may follow a random pattern and may not be as predictable as desired. This may occur due to analyst bias or misinterpretation, a sector analysis error, late recognition of a trend, etc.

### ***Company Risk***

When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

### ***Cyclical Analysis***

An economic cycle may not be as predictable as preferred; many fluctuations may occur between long term expansions and contractions. The length of an economic cycle may be difficult to predict with accuracy and therefore the risk of cyclical analyses is the difficulty in predicting economic trends. Consequently, the changing value of securities is affected.

### ***ETFs and Mutual Funds***

The risk of owning ETFs and mutual funds reflect their underlying securities (e.g., stocks, bonds, securities futures, etc.). These forms of securities typically carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. We do not recommend leveraged or inverse ETFs due to their inherent heightened risk.

### ***Failure to Implement***

As a financial planning client, you are free to accept or reject any or all of the recommendations made to you. While no advisory firm can guarantee future performance, no plan can succeed if it is not implemented. Clients who choose not to take the steps recommended in their financial plan may face an increased risk that their stated goals and objectives will not be achieved.

### ***Financial Risk***

Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### ***Fundamental Analysis***

The challenge involving fundamental analyses is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

### ***Index Investing***

Certain ETFs and indexed funds have the potential to be affected by "active risk" (or "tracking error risk"), which might be defined as a deviation from a stated benchmark.

### ***Inflation***

When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

### ***Market Risk***

When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called *systemic* or *systematic* risk.

### ***Passive Markets Theory***

A portfolio that employs a passive, efficient markets approach has the risk of generating lower-than-expected returns due to its broad diversification when compared to a portfolio more narrowly focused.

### ***Political Risk***

The risk of financial and market loss because of political decisions or disruptions in a particular country or region, and may also be known as "geopolitical risk."

### ***QDI Ratios***

While various investment holdings may be known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of fund or portfolio), may be considered "non-qualified" under certain tax code provisions. A holding's QDI will be considered when tax-efficiency is an important aspect of the client's portfolio.

### ***Research Data***

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

### **Item 9 - Disciplinary Information**

Neither the firm nor its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business or its integrity.

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

Firm policies require associated persons to conduct business activities in a manner that avoids conflicts of interest between the firm and its clients, or that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest involving its business relationships that might reasonably compromise its impartiality or independence.

Our advisory firm and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or associated person of such a firm, nor are we required to be registered with such entities. Neither our firm nor its management is or has a material relationship with any of the following types of entities:

- accounting firm or accountant
- another financial planning firm
- bank, credit union or thrift institution
- lawyer or law firm
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships
- trust company
- issuer of a security, to include investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)

Upon client request we provide referral to various professionals, such as an accountant or attorney. While these referrals are based on the best information made available, our firm does not guarantee the quality or adequacy of the work provided by these referred professionals. There is not an agreement with these entities nor are referral fees received from these professionals for such informal referrals. Any fees charged by these other entities for their services are completely separate from fees charged by our firm.

The external investment managers that we may recommend to you are required to be registered as investment advisors. If we recommend that your portfolio be created and maintained by an external investment manager, we will first ensure that their firm is appropriately registered and/or notice-filed within your state of residence. As referenced in Item 5 of this brochure, each firm is compensated for their respective services by the client through a portion of the fee that is assessed. We have an incentive to recommend one portfolio manager over another if less favorable compensation or services arrangements are offered by another manager. In light of this conflict of interest, we will review our recommendations and “mix of business” in light of our client’s needs, goals and objectives with respect to all of our portfolio management offerings. There is also the potential for clients’ fees assessed via these engagements to be higher than had a client obtained them directly from an external investment manager or the client were able to purchase similar underlying investments on their own. Clients are encouraged to review all of our offerings and their stated fees prior to the engagement, and each client has the option to purchase recommended or similar investments through their own selected service provider. It should be noted that certain investment managers and/or underlying investments may not be available to self-directed investors or at the same cost.

As noted in Item 4, Mr. Chan offers tax preparation, enrolled agent and small business bookkeeping services via a separate agreement and compensation schedule. Further information with regard to this other business activity may be found in Item 4 of his accompanying brochure supplement. Whether he is serving a client in one or more capacities, Mr. Chan will disclose in advance how he is being compensated and if there is a conflict of interest involving any advice or service being provided. At no time will there be *tying* between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second, distinctive tied product or service.

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

Crossroads Planning holds itself to a *fiduciary standard*, which means the firm and its associates will act in the utmost good faith, performing in a manner believed to be in the best interest of its clients. Our firm believes that business methodologies, ethics rules, and adopted policies are designed to eliminate or at least minimize material conflicts of interest and to appropriately manage any material conflicts of interest that may remain. You should be aware that no set of rules can possibly anticipate or relieve all material conflicts of interest. Our firm will disclose to its advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

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

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Firm policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. Our firm periodically reviews and amends its Code of Ethics to ensure that it remains current, and requires firm personnel to annually attest to their understanding of and adherence to the firm's Code of Ethics. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request.

#### ***CFP® Principles***

CERTIFIED FINANCIAL PLANNER™ Professionals, such as Mr. Chan, adhere to the Certified Financial Planner Board of Standards, Inc. principles, which state:

##### **Principle 1 – Integrity**

An advisor will provide professional services with integrity. Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Advisors are placed by clients in positions of trust, and the ultimate source of that trust is the advisor's personal integrity. Allowance can be made for innocent error and legitimate differences of opinion; but integrity cannot co-exist with deceit or subordination of one's principles.

##### **Principle 2 – Objectivity**

An advisor will provide professional services objectively. Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which an advisor functions, an advisor should protect the integrity of their work, maintain objectivity and avoid subordination of their judgment.

##### **Principle 3 – Competence**

Advisors will maintain the necessary knowledge and skill to provide professional services competently. Competence means attaining and maintaining an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Advisors make a continuing commitment to learning and professional improvement.

#### Principle 4 – Fairness

Advisors will be fair and reasonable in all professional relationships. Fairness requires impartiality, intellectual honesty and disclosure of material conflict(s) of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated and is an essential trait of any professional.

#### Principle 5 – Confidentiality

Advisors will protect the confidentiality of all client information. Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.

#### Principle 6 – Professionalism

Advisors will act in a manner that demonstrates exemplary professional conduct. Professionalism requires behaving with dignity and courtesy to all who use their services, fellow professionals, and those in related professions. Advisors cooperate with fellow advisors to enhance and maintain the profession's public image and improve the quality of services.

#### Principle 7 – Diligence

Advisors will provide professional services diligently. Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.

#### **Statement involving our Privacy Policy**

We respect the privacy of all clients and prospective clients (collectively termed "customers"), both past and present. It is recognized that you have entrusted our firm with non-public personal information and it is important that both access persons and customers are aware of firm policy concerning what may be done with that information.

The firm collects personal information about customers from the following sources:

- Information customers provide to complete their financial plan or investment recommendation;
- Information customers provide in engagement agreements and other documents completed in connection with the opening and maintenance of an account;
- Information customers provide verbally; and
- Information received from service providers, such as custodians, about customer transactions.

The firm does not disclose non-public personal information about our customers to anyone, except in the following circumstances:

- When required to provide services our customers have requested;
- When our customers have specifically authorized us to do so;
- When required during the course of a firm assessment (i.e., independent audit); or
- When permitted or required by law (i.e., periodic regulatory examination).

Within the firm, access to customer information is restricted to personnel that need to know that information. All access persons and service providers understand that everything handled in firm offices are confidential and they are instructed not to discuss customer information with someone else that may request information about an account unless they are specifically authorized in writing by the customer to do so. This includes, for example, providing information about a spouse's IRA or to children about a parent's account.

To ensure security and confidentiality, the firm maintains physical, electronic, and procedural safeguards to protect the privacy of customer information.

The firm will provide you with its privacy policy on an annual basis per federal law and at any time, in advance, if firm privacy policies are expected to change.

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

Neither the firm nor an associate is authorized to recommend to a client, or effect a transaction for a client, involving any security in which the firm or a "related person" (e.g., associate, an immediate family member, etc.) has a material financial interest, such as in the capacity as a board member, underwriter or advisor to an issuer of securities, etc.

An associate is prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

Our firm and its associates are able to provide a broad range of advisory and ancillary services to its clients, including financial planning and portfolio management. A fee may be earned by the firm and/or an associate for some or all of these services. A conflict of interest exists within these various client relationships and we hereby note that you are under no obligation to act on a recommendation from an associate. If you elect to do so, you are under no obligation to complete all of them through our firm or a service provider whom we may recommend to you. Whether an associate is serving a client in one or more capacities, they will disclose in advance how they are being compensated and if there is a conflict of interest involving any service being provided.

#### Firm/Personnel Purchases of Same Securities Recommended to Clients and Conflicts of Interest

Our firm does not trade for its own account (e.g., proprietary trading). The firm's related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts, and this poses a conflict of interest. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading (i.e., trading ahead of client recommendation, etc.), firm policy may require that we periodically restrict or prohibit related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis. Please refer to Item 6 of the accompanying Form ADV Part 2B for further details.

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

#### **Factors Used to Select Broker/Dealers for Client Transactions**

Crossroads Planning does not maintain physical custody of your assets (see Item 15). Your account must be maintained by a qualified custodian (generally a broker/dealer, bank or trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is not a custodian nor is there an affiliate that is a custodian.

When we are engaged to provide an investment consultation via a planning service component, we may recommend the service provider with whom your assets are currently maintained. Should you prefer a new service provider, a recommendation made by our firm would be based on your needs, overall cost, and ease of use.

Accounts served by a third-party investment manager are to be maintained at one or more custodians that have been selected by the respective third-party investment manager and they will be disclosed in the third-party investment manager's disclosure documents and account opening forms.

#### **The Custodian and Brokers We Use (TD Ameritrade)**

The Advisor also participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Crossroads Planning, LLC's participation in the program and the investment advice it gives to its clients, although Crossroads Planning, LLC receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Crossroads Planning, LLC 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 Crossroads Planning, LLC by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Crossroads Planning, LLC's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Crossroads Planning, LLC but may not benefit its client accounts. These products or services may assist Crossroads Planning, LLC in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Crossroads Planning, LLC manage and further develop its business enterprise. The benefits received by Crossroads Planning, LLC or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Crossroads Planning, LLC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Crossroads Planning, LLC or its related persons in

and of itself creates a potential conflict of interest and may indirectly influence Crossroads Planning, LLC's choice of TD Ameritrade for custody and brokerage services.

Some of the noted products and services made available to our firm by our preferred custodian may benefit our advisory firm but may not directly benefit a client account, and certain research and other previously referenced services may qualify as "brokerage or research services" (sometimes referred to as "soft dollars") under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services benefits our firm because we do not have to produce or purchase them as long as clients maintain assets in accounts at our recommended custodian. There is a conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than the client's interests in receiving favorable trade execution. It is important to mention that the benefit received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole, not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select. Our firm conducts periodic assessments of any recommended service provider which generally involves a review of the range and quality of services, reasonableness of fees, among other items, and in comparison to industry peers.

#### Best Execution

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the paragraph titled *Factors Used to Select Broker/Dealers for Client Transactions*. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined having our portfolio management clients' accounts trades completed through our recommended custodian is consistent with our obligation to seek best execution of client trades. A review is regularly conducted with regard to recommending a custodian to our clients in light of our duty to seek best execution.

#### Directed Brokerage

Our internal policy and operational relationship with our custodian requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades; whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result you may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. In addition, since we routinely recommend a custodian for our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all of our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described in this section from that custodian. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on our client accounts' cash balances.

Our portfolio management clients are unable to engage in directed brokerage via our custodian. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

For those clients who maintain account assets at another custodian of record, you may choose to request that a particular broker is used to execute some or all account transactions. Under these circumstances, you will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving your account with that broker, and whether the selected broker is affiliated with your custodian of record or not. We will not be obligated to seek better execution services or prices from these other brokers, and we may be unable to aggregate your transactions for execution via our recommended custodian with other orders for accounts managed by our firm. As a result, you may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

#### Aggregating Securities Transactions for Client Accounts

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed “blocked, “bunched” or “batched” orders. Aggregated orders are effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may, but is not obligated to aggregate orders, and the firm does not receive additional compensation or remuneration as a result of aggregated transactions.

Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.*, or similar guidance if the jurisdiction in which the client resides provides such direction.

Please note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

We review firm trading processes on a periodic basis to ensure they remain within stated policies and regulation. You will be informed, in advance, should trading practices change at any point in the future.

#### Trade Errors

The firm corrects its trade errors through an account maintained by our custodian, and the firm may be responsible for trading error losses that occur within a client account. Should there be a gain following the correction of a trading error, the firm will typically credit the client’s account.

#### Client Referrals from Custodians

We do not receive referrals from our custodian, nor are client referrals a factor in our selection of our custodian.

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

#### Schedule for Periodic Review of Client Accounts

#### ***Financial Planning Services***

Periodic financial check-ups or reviews are recommended if you are receiving our financial planning services. We believe they should occur on an annual basis whenever practical.

Reviews will be conducted by Mr. Chan and typically involve analysis and possible revision of your previous financial plan or investment allocation. A copy of revised plans or asset allocation reports will be provided to the client upon request.

### ***Third-Party Investment Management Services***

For accounts served by a recommended third-party investment manager, Mr. Chan will periodically review reports provided to you by your third-party investment manager. We will contact you at least annually to review your financial situation and objectives. We will communicate information to your third-party investment manager as warranted and assist you in understanding and evaluating the services provided by the third-party manager. In certain instances, you may be able to communicate directly with your selected third-party investment manager but we ask that you coordinate the session through our firm.

### ***Portfolio Management Services***

Portfolios are reviewed on a quarterly or more frequent basis by Mr. Chan. Client-level reviews are also completed by Mr. Chan, and we recommend that they occur on at least an annual basis. A copy of a revised investment guideline or asset allocation reports will be provided to the client upon request.

### Review of Client Accounts on Non-Periodic Basis

### ***Financial Planning Services***

You should contact our firm for additional reviews when you anticipate or have experienced changes in your financial situation (i.e., changes in employment, an inheritance, the birth of a new child, etc.), or should you prefer to change requirements involving your investment account. Non-periodic reviews are conducted by Mr. Chan, and a copy of revised plans or asset allocation reports will be provided to the client upon request.

### ***Portfolio Management Services***

Additional reviews by your portfolio manager and Mr. Chan may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. A portfolio may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

### Content of Client Provided Reports and Frequency

Whether you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where your investments are held. We urge you to carefully review these account statements for accuracy and clarity, and to ask questions when something is not clear.

Our firm may provide portfolio "snapshots" if we are engaged to provide periodic asset allocation or investment advice, but we do not provide ongoing performance reporting through our financial planning service. Portfolio management services accounts may receive performance reports from our firm that have been generated from our custodian's data systems; however, we do not create our own performance reports. Third-party investment management clients may receive portfolio performance reports directly from their third-party manager; we do not back-test nor certify reports from an external party.

Clients are urged to carefully review and compare account statements that they have received from their account custodian with any report they may receive from any source, including our advisory firm, if that report contains any type of performance information.

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

We do not engage in solicitation activities involving unregistered persons. As noted in Items 4 and 5 of this brochure, for our initial and continuing consultation we receive a portion of the asset-based fee that is paid by a client to a third-party investment manager. Please refer to Items 10 and 12 for additional information with respect to our offerings and the potential conflict of interest they may present.

If we receive or offer an introduction to a client, we do not pay or earn referral fee, nor are there established *quid pro quo* arrangements. Each client retains the option to accept or deny such referral or subsequent services.

An associate of the firm may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements. A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for individual participants within a selected state or region. These passive websites may provide means for interested persons to contact a participant via electronic mail, telephone number, or other contact information, in order to interview the participating member. The public may also choose to telephone association staff to inquire about an individual within their area, and would receive the same or similar information. A portion of these participant's membership fees may be used so that their name will be listed in some or all of these entities' websites (or other listings). Prospective clients locating our advisory firm or an associate via these methods are not actively marketed by the noted associations. Clients who find our firm in this way do not pay more for their services than clients referred in any other fashion. The firm does not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

We receive a non-economic benefit from TD Ameritrade 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 TD Ameritrade. 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 TD Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

#### **Item 15 – Custody**

Your assets will be maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer, mutual fund companies or transfer agent. Your assets are not held by our firm or any associate or our firm. In keeping with this policy involving our client funds or securities, our firm:

- Restricts the firm or an associate from serving as trustee or having general power of attorney over a client account;
- Prohibits any associate from having authority to directly withdraw securities or cash assets from a client account. Although we may be deemed to have “constructive custody” of your assets since we may request the withdrawal of advisory fees from an account, we will only do so through the engagement of

a qualified custodian maintaining your account assets, via your prior written approval, and following our delivery of our written notice (invoice);

- Does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm;
- Will not collect advance fees of \$500 or more for services that are to be performed six months or more into the future; and
- Will not authorize an associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts) if such access would allow physical control over account assets.

Your custodian of record will provide you with your investment account transaction confirmations and account statements, which will include all debits and credits as well as our firm's advisory fee for that period. Statements are provided on at least a quarterly basis or as transactions occur within their account. Our firm will not create an account statement for a client or serve as the sole recipient of an account statement.

Should you receive a report from any source that includes investment performance information, you are urged to carefully review and compare your account statements you have received directly from the custodian of record to determine the report's accuracy.

## **Item 16 - Investment Discretion**

### ***Internal Portfolio Management***

We generally provide our portfolio management services on a *discretionary* basis. Similar to a limited power of attorney, discretionary authority allows our firm to implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your prior authorization for each transaction in order to meet your stated investment objectives. This authority will be granted through your execution of both our engagement agreement and the selected custodian's account opening documents. Note that your custodian will specifically limit our firm's authority within your account to the placement of trade orders and the request for the deduction of our advisory fees.

Our firm prefers to not manage client accounts on a *nondiscretionary basis* but we may accommodate such requests on a case-by-case basis. Such account authority requires your ongoing prior approval involving the investment and reinvestment of account assets, portfolio rebalancing, or for our firm to give instructions to the custodian maintaining your account (i.e., wire instructions, etc.). You will be required to execute our firm's client services agreement that describes our limited account authority, as well as the custodian of record's account opening document that includes their limited power of attorney form or clause. Please note that in light of the requirement for your pre-approval you must make yourself available and keep our firm updated on your contact information so that instructions can be efficiently effected on your behalf.

You may amend our account authority by providing our firm revised written instructions. As noted in Item 4, we will allow for reasonable restrictions involving the management of your account. It remains your responsibility to notify us if there is any change in your situation and/or investment objective so that we may reevaluate previous investment recommendations or portfolio holdings.

### ***Third-Party Investment Management Services***

Third-party managers typically serve accounts on a *discretionary* basis. This authority will be granted through your execution of investment manager and their selected custodian's account opening documents. Note that their custodian will specifically limit their authority within your account to the placement of trade orders and the request for the deduction of advisory fees. If you require your account be managed on a

nondiscretionary basis, you should be aware that most third-party investment managers retain the right to either refuse or terminate an account, or continue to manage the account under a higher asset-based fee due to increased operational costs. We will inform you in advance of the recommended third-party manager's requirements involving investment authority. Note that we do not have discretionary authority over a client account under this form of advisory engagement.

### ***Financial Planning Services***

If you ask us to assist you in any trade execution (including account rebalancing) under an investment consultation component of our financial planning engagement, such as assisting you with your held-away assets, it will typically be accomplished on a nondiscretionary basis.

### **Item 17 - Voting Client Securities**

You may periodically receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. Should we receive a duplicate copy, note that we do not forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on your behalf. We do not offer guidance on how to vote proxies, nor will we offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets. We will answer limited questions with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or their legal representative.

If your account is supervised by a third-party investment manager, you should thoroughly review the third-party investment manager's Form ADV Part 2 to determine their proxy voting policies. Otherwise, you will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to your holdings. You should consider contacting the issuer or your legal counsel involving specific questions you may have with respect to a particular proxy solicitation or corporate action.

### **Item 18 - Financial Information**

Our advisory firm will not take physical custody of your assets, nor do we have the type of account authority to have such control. Fee withdrawals must be done through a qualified intermediary (e.g., your custodian of record), per your prior written agreement, and following your receipt of our firm's written notice (termed "constructive custody").

Engagements with our firm do not require that we collect fees from you of \$500 or more for our advisory services that we have agreed to perform six months or more into the future.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.

**Item 19 - Requirements for State-Registered Advisers**

For further information involving firm principal executive and management personnel, their business activities as well as material conflicts of interest, please refer to areas previously disclosed in Items 6 and 9 through 11, as well as the accompanying Form ADV Part 2B brochure supplement that immediately follows this page. Per Item 10 of this brochure, neither the firm nor a member of its management has a material relationship with the issuer of a security.

**Business Continuity Plan**

Our firm maintains a business continuity and succession contingency plan that is integrated within the organization to ensure it appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available under separate cover.



# CROSSROADS

Where your financial goals meet your life goals

Crossroads Planning, LLC  
65 The City Dr. S, Suite 390  
Orange, CA 92868

(714) 393-9784  
[www.crossroads-planning.com](http://www.crossroads-planning.com)

**Tony T. Chan, CFP<sup>®</sup>, EA**  
Principal/Chief Compliance Officer  
Investment Advisor Representative

Form ADV Part 2B  
Brochure Supplement  
January 14, 2021

**This brochure provides information about Tony T. Chan that supplements the Crossroads Planning, LLC Form ADV Part 2A firm brochure. You should have received a copy of that brochure. Please contact Tony Chan at (714) 393-9784 if you did not receive the full brochure or if you have any questions about the contents of this supplement. Additional information about Tony T. Chan is available on the Securities and Exchange Commission's (SEC) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Educational Background and Business Experience**

Regulatory guidance requires the firm to disclose relevant post-secondary education and professional training for each principal executive and associate of the firm, as well as their business experience for at least the most recent five years.

### **Principal Executive Officers and Management Persons**

#### ***Principal/Chief Compliance Officer/Investment Advisor Representative/Managing Member***

Tony Tinka Chan

Year of Birth: 1985 / CRD Number: 6536170

### **Educational Background and Business Experience**

#### ***Educational Background***

Bachelors of Business Finance, California State University of Fullerton; Fullerton, CA  
CERTIFIED FINANCIAL PLANNER™ Professional, Certified Financial Planner Board of Standards, Inc.<sup>1</sup>  
Enrolled Agent (EA)/National Association of Enrolled Agents<sup>2</sup>

#### ***Business Experience***

Crossroads Planning, LLC (07/2015-Present)

Orange, CA

Principal/Managing Member (07/2015-Present)

Chief Compliance Officer/Investment Advisor Representative (08/2015-Present)

Crossroads Tax Planning, LLC (1/2019-Present)

Orange, CA

President

Self-Employed (05/2015-Present)

Anaheim, CA

Tax Preparation/Enrolled Agent/Bookkeeping Services

Linda A. Barlow, CFP® (06/2007-05/2015)

Santa Ana, CA

Paraplanner

## **Item 3 – Disciplinary Information**

Registered investment advisors are required to disclose certain material facts about its associated personnel regarding any legal or disciplinary events, including criminal or civil action in a domestic, foreign or military court, or any proceeding before a state, federal or foreign regulatory agency, self-regulatory organization, or suspension or sanction by a professional association for violation of its conduct rules, that would be material to your evaluation of each officer or a supervised person providing investment advice. Mr. Chan has not been the subject of any such event.

## **Item 4 – Other Business Activities**

Investment advisor representatives are required to disclose outside business activities that account for a significant portion of their time or income, or that may present a conflict of interest with their advisory activities.

Neither Mr. Chan nor our advisory firm has a material relationship with the issuer of a security. He is not registered, nor has an application pending to register, as a registered representative of a broker/dealer or associated person of a futures commission merchant, commodity pool operator, or commodity trading advisor. He does not receive commissions, bonuses or other compensation based on the sale of securities, including that as a registered representative of a broker/dealer or the distribution or service ("trail") fees from the sale of mutual funds.

Mr. Chan owns Crossroads Tax Planning, LLC and serves as an enrolled agent, tax preparer and bookkeeper through Crossroads Tax Planning, LLC as well as independently; this activity involves up to 10% of his time each month during business hours. Advisory firm clients may have multiple business relationships with Mr. Chan under separate engagements and fee schedules. Mr. Chan will disclose in advance of the engagement the capacity in which he is serving a client, to include the potential or actual conflict of interest the role or service to be provided may incur. Clients are hereby informed that the potential for the receipt of additional compensation may create an incentive to recommend services based on the compensation received rather than on the client's needs. Notwithstanding this issue, Mr. Chan takes his fiduciary responsibilities seriously and will recommend services believed appropriate for each client.

#### **Item 5 – Additional Compensation**

Neither our advisory firm nor Mr. Chan is compensated for advisory services involving performance-based fees. In addition, firm policy does not allow associated persons to accept or receive additional economic benefit, such as sales awards or other prizes, for providing advisory services to firm clients.

#### **Item 6 – Supervision**

Mr. Chan serves as the firm's Chief Compliance Officer. Because supervising one's self poses a conflict of interest, the firm has adopted policies and procedures to mitigate this conflict, and may use the services of unaffiliated professionals to ensure the firm's oversight obligations are met. Questions relative to the firm, its services or this Form ADV Part 2B brochure supplement may be made to the attention of Mr. Chan at (714) 393-9784.

Additional information about the firm, other advisory firms, or an associated investment advisor representative is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A search of this site for firms may be accomplished by firm name or a unique firm identifier, known as an IARD or CRD number. The IARD number for Crossroads Planning, LLC is 277127.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may also be obtained by calling the California Department of Business Oversight Securities Regulation Division at (866) 275-2677.

#### **Item 7 - Requirements for State-Registered Advisers**

There have been neither awards nor sanctions or other matter where Mr. Chan or Crossroads Planning has been found liable in a self-regulatory or administrative proceeding. Neither Mr. Chan nor our advisory firm has been the subject of a bankruptcy petition.

### **Important Information about Industry Designations and Examinations**

<sup>1</sup> 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 62,000 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.

<sup>2</sup> An **Enrolled Agent (EA)** is a federally-authorized tax practitioner who has technical expertise in the field of taxation and who is empowered by the U.S. Department of the Treasury to represent taxpayers before all administrative levels of the Internal Revenue Service for audits, collections, and appeals. The license is earned in one of two ways, by passing a comprehensive examination which covers all aspects of the tax code, or having worked at the IRS for five years in a position which regularly interpreted and applied the tax code and its regulations. All candidates are subjected to a rigorous background check conducted by the IRS.

The IRS Restructuring and Reform Act of 1998 allow federally authorized practitioners (those bound by the Department of Treasury’s Circular 230 regulations) a limited client privilege. This privilege allows confidentiality between the taxpayer and the Enrolled Agent under certain conditions. The privilege applies to situations in which the taxpayer is being represented in cases involving audits and collection matters. It is not applicable to the preparation and filing of a tax return. This privilege does not apply to state tax matters, although a number of states have an accountant-client privilege.

In addition to the stringent testing and application process, the IRS requires Enrolled Agents to complete 72 hours of continuing professional education, reported every three years, to maintain their Enrolled Agent status. National Association of Enrolled Agents

(NAEA) members are obligated to complete 90 hours per three year reporting period. Because of the knowledge necessary to become an Enrolled Agent and the requirements to maintain the license, there are only about 46,000 practicing Enrolled Agents.

Only Enrolled Agents are required to demonstrate to the IRS their competence in matters of taxation before they may represent a taxpayer before the IRS. Unlike attorneys and CPAs, who may or may not choose to specialize in taxes, all Enrolled Agents specialize in taxation. Enrolled Agents are the only taxpayer representatives who receive their right to practice from the U.S. government (CPAs and attorneys are licensed by the states). Enrolled Agents are required to abide by the provisions of the Department of Treasury's Circular 230, which provides the regulations governing the practice of Enrolled Agents before the IRS. NAEA members are also bound by a Code of Ethics and Rules of Professional Conduct of the Association.