
Kelly Financial Planning, LLC

Form ADV Part 2A – Firm Brochure

Dated January 20, 2019

9435 Waterstone Boulevard, Suite 140

Cincinnati, OH 45249

(513) 379-2527

www.kellyfinancialplanning.com

This Brochure provides information about the qualifications and business practices of Kelly Financial Planning, LLC, “KFP”. If you have any questions about the contents of this Brochure, please contact us at (513) 379-2527. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Kelly Financial Planning, LLC is registered as an Investment Adviser with the State of Ohio. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about KFP is available on the SEC’s website at www.adviserinfo.sec.gov which can be found using the firm’s identification number 287569.

Item 2: Material Changes

Since this is the first filing of the Form ADV Part 2A for KFP, there is nothing to report. In the future, any material changes during the year made will be reported here.

Item 3: Table of Contents

Contents

- Item 1: Cover Page 1
- Item 2: Material Changes 2
- Item 3: Table of Contents..... 2
- Item 4: Advisory Business 3
- Item 5: Fees and Compensation..... 6
- Item 6: Performance-Based Fees 7
- Item 7: Types of Clients..... 7
- Item 8: Methods of Analysis, Investment Strategies and Risk of Loss 7
- Item 9: Disciplinary Information 9
- Item 10: Other Financial Industry Activities and Affiliations..... 10
- Item 11: Code of Ethics 10
- Item 12: Brokerage Practices 12
- Item 13: Review of Accounts..... 12
- Item 14: Client Referrals 13
- Item 15: Custody..... 13
- Item 16: Investment Discretion..... 13
- Item 17: Voting Client Securities..... 13
- Item 18: Financial Information..... 13
- Item 19: Requirements for State-Registered Advisers..... 14
- Form ADV Part 2B – Brochure Supplement 16

Item 4: Advisory Business

Description of Advisory Firm

Kelly Financial Planning, LLC is registered as an Investment Adviser with the State of Ohio. We were founded in June 16, 2015, however was not licensed as an investment advisor until 2017. Theodore Michael Kelly is the principal owner of KFP. Because KFP does not provide investment management services, it has no Assets Under Management to report.

Types of Advisory Services

Financial Planning

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

The client always has the right to decide whether or not to act upon our recommendations. If the client elects to act on any of the recommendations, the client always has the right to affect the transactions through anyone of their choosing.

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

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.
- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend

what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

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

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles

and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.

- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments).

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

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

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

Client Tailored Services and Client Imposed Restrictions

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

Wrap Fee Programs

We do not participate in wrap fee programs.

Item 5: Fees and Compensation

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

Financial Planning Hourly Fee

Financial Planning fee is an hourly rate between \$180.00 and \$210.00 per hour, depending on complexity. The fee may be negotiable in certain cases and is due at the completion of the engagement. In the event of early termination by client, any fees for the hours already worked will be due.

Other Types of Fees and Expenses

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

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

We do not offer performance-based fees.

Item 7: Types of Clients

We provide financial planning services to individuals, high net-worth and small businesses.

We do not have a minimum account size requirement.

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

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

Passive Investment Management

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

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

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

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

Material Risks Involved

KFP does not provide investment management, however investment recommendations may be made as part of the financial planning service. **All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

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

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

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

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

Risks Associated with Securities

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

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

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

increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

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

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

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

Investment Companies Risk. When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

Item 9: Disciplinary Information

Criminal or Civil Actions

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

Administrative Enforcement Proceedings

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

Self-Regulatory Organization Enforcement Proceedings

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

Item 10: Other Financial Industry Activities and Affiliations

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

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

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

KFP only receives compensation directly from clients. We do not receive compensation from any outside source. We do not have any conflicts of interest with any outside party. Theodore Michael Kelly may refer clients to Right Path Enterprises, LLC (Theodore Michael Kelly is owner and Managing Member) and Right Path Enterprises, LLC may refer clients to Kelly Financial Planning, LLC. Business consulting services provided by Right Path Enterprises, LLC are separate and distinct from our advisory services, and are provided for separately and require typical compensation. There are no referral fee arrangements between our firms for these recommendations. No client is obligated to use Right Path Enterprises, LLC for any business consulting services and conversely, no business consulting client is obligated to use the advisory services provided by us.

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

As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings.

Code of Ethics Description

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

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

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

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

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

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

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

Trading Securities at/Around the Same Time as Client's Securities

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

Item 12: Brokerage Practices

Factors Used to Select Custodians and/or Broker-Dealers

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

1. Research and Other Soft-Dollar Benefits

We currently do not receive soft dollar benefits.

2. Brokerage for Client Referrals

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

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

As a fee-only financial planner, who does not offer investment management services, we do not have a concern over which broker-dealers a client may choose in order to implement our investment recommendations.

Aggregating (Block) Trading for Multiple Client Accounts

Some Registered Investment Advisers execute client accounts on an aggregated basis as a way to lower expenses. As a fee-only financial planner, who does not offer investment management services, we do not execute trades on behalf of clients. As a result, it is up to the client to negotiate their own trading costs with their broker-dealer.

Item 13: Review of Accounts

Theodore Michael Kelly, Managing Member and CCO of KFP, will work with clients to obtain current information regarding their assets and investment holdings and will review this information as part of our financial planning services. KFP does not provide specific reports to clients, other than financial plans.

Item 14: Client Referrals and Other Compensation

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

Item 15: Custody

KFP does not accept custody of client funds.

Item 16: Investment Discretion

We do not provide investment management services, and therefore do not exercise discretion.

Item 17: Voting Client Securities

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

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

Item 18: Financial Information

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

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

Item 19: Requirements for State-Registered Advisers

Theodore Michael Kelly

Born: 1960

Educational Background

- 1982 – Bachelor of Science, Business Administration and Management, Mars Hill University
- 1993 – Masters in Business Administration, Webster University

Business Experience

- 02/2017 – Present, Kelly Financial Planning, LLC, Managing Member and CCO
- 07/2016 – Present, Rotary International, District Governor (volunteer)
- 07/2016 – Present, Right Path Enterprises, LLC, Owner and Managing Member
- 10/2006 – 06/2016, Macy's Inc., Vice President of Learning and Development

Professional Designations, Licensing & Exams

CPC (Certified Professional Coach): The International Coach Federation (ICF) has approved this program for 30 hours of Approved Coach Specific Training Hours. Becoming a Certified Professional Coach starts with full participation in five 90-minute online classes followed each time by an assignment designed for immediate application of the information from class. Then is the coaching practicum. Experience coaching hands-on: coach, be coached, and observe coaching - in your class you will be assigned someone to coach, someone will be assigned to coach you, and you will have the opportunity to observe coaching sessions. Followed by a practicum, there is a case study that creates a review of a coaching relationship.

Continuing Education to Maintain Certification: CPC's are required to complete 12 hours every two years of continuing education classes or training programs.

Other Business Activities

Theodore Michael Kelly is currently the Owner and Managing Member of Right Path Enterprises, LLC, a business consulting firm. This activity accounts for approximately 20 hours per month.

Performance Based Fees

KFP is not compensated by performance-based fees.

Material Disciplinary Disclosures

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

Material Relationships That Management Persons Have with Issuers of Securities

Kelly Financial Planning, LLC, nor Theodore Michael Kelly, have any relationship or arrangement with issuers of securities.

Kelly Financial Planning, LLC

Mason, Ohio

(513) 379-2527

Dated February 21, 2017

Form ADV Part 2B – Brochure Supplement

For

Theodore Michael Kelly

Managing Member, and Chief Compliance Officer

This brochure supplement provides information about Theodore Michael Kelly that supplements the Kelly Financial Planning, LLC (“KFP”) brochure. A copy of that brochure precedes this supplement. Please contact Theodore Michael Kelly if the KFP brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Theodore Michael Kelly is available on the SEC’s website at www.adviserinfo.sec.gov which can be found using the identification number 2689183.

Item 2: Educational Background and Business Experience

Theodore Michael Kelly

Born: 1960

Educational Background

- 1982 – Bachelor of Science, Business Administration and Management, Mars Hill University
- 1993 – Masters in Business Administration, Webster University

Business Experience

- 02/2017 – Present, Kelly Financial Planning, LLC, Managing Member and CCO
- 07/2016 – Present, Rotary International, District Governor (volunteer)
- 07/2016 – Present, Right Path Enterprises, LLC, Owner and Managing Member
- 10/2006 – 06/2016, Macy's Inc., Vice President of Learning and Development

Professional Designations, Licensing & Exams

CPC (Certified Professional Coach): The International Coach Federation (ICF) has approved this program for 30 hours of Approved Coach Specific Training Hours. Becoming a Certified Professional Coach starts with full participation in five 90-minute online classes followed each time by an assignment designed for immediate application of the information from class. Then is the coaching practicum. Experience coaching hands-on: coach, be coached, and observe coaching - in your class you will be assigned someone to coach, someone will be assigned to coach you, and you will have the opportunity to observe coaching sessions. Followed by a practicum, there is a case study that creates a review of a coaching relationship.

Continuing Education to Maintain Certification: CPC's are required to complete 12 hours every two years of continuing education classes or training programs.

Item 3: Disciplinary Information

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

Item 4: Other Business Activities

Theodore Michael Kelly is currently the Owner and Managing Member of Right Path Enterprises, LLC, a business consulting firm. This activity accounts for approximately 20 hours per month.

Item 5: Additional Compensation

Theodore Michael Kelly does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through KFP.

Item 6: Supervision

Theodore Michael Kelly, as Managing Member and Chief Compliance Officer of KFP, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.

Item 7: Requirements for State Registered Advisers

Theodore Michael Kelly has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.