

Item 1 - Cover Page



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Form ADV Part 2  
Disclosure Brochure

March 24, 2011

This brochure provides information about the qualifications and business practices of Freedman Financial Planning. If you have any questions about the contents of this brochure, please contact us at 408.930.3195 or [cynthia@freedmanfp.com](mailto:cynthia@freedmanfp.com).

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.

Additional information about Freedman Financial Planning also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Freedman Financial Planning is a registered investment advisor in the State of California. Registration of an investment advisor does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

Under SEC Release IA-3060 “**Amendments to Form ADV**”, the United States Securities and Exchange Commission amended the format of the Form ADV disclosure brochure which is provided to clients. Formerly the disclosure brochure was a “check-the-box” format; under the new rule it is a narrative description.

The Freedman Financial Planning disclosure brochure dated February 24, 2011 was a new document prepared according to the SEC's new requirements and rules.

This brochure was updated on March 24, 2011 to reflect the business relationship with Chamberlain Financial Planning.

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## **Item 4 - Advisory Business**

Freedman Financial Planning is a registered investment advisor in the state of California. Freedman Financial Planning began operation in 2008. Cynthia Freedman is 100% owner and sole Principal of the firm.

We provide fee-only, hourly, as-needed financial planning and investment advice services to individuals and families. We offer you advice on a range of financial planning issues, including (but not limited to):

- cash flow
- debt management
- asset allocation
- investment selection
- insurance planning
- college funding
- retirement planning
- retirement living
- estate planning
- tax planning

These services may be general in nature or focused on particular areas of interest or need, depending upon your unique circumstances.

Typically, the process we use for a financial planning project is as follows:

- We have an initial meeting to discuss your financial needs, goals, and time horizon. We will then agree on the extent and content of your financial plan. This includes assigning an agreement that clearly identifies what areas we will cover in your plan.
- We will probably have to ask for documentation and detailed information about your specific situation. This may include items such as account statements, mortgage statements, tax returns, and so on. We may also ask you to fill out a cash flow, which indicates in detail how you spend your money.
- If you have asked for investment analysis, we will ask you to fill out a risk tolerance questionnaire.
- We will then analyze your current financial situation and generate future scenarios as needed for your plan.

- When our analysis is complete, we will write a personalized financial plan for you containing our significant observations, assumptions, and recommendations for each area we agreed to work on.
- We will then present our plan to you and answer any questions you may have.
- Upon completion of this presentation, your project is concluded and our advisor-client relationship is terminated, unless other arrangements have been made. It is your responsibility to implement any recommendations. If you need additional services, or you want to conduct an annual review, we will need to sign a separate agreement. We highly recommend you review your financial status on an annual basis or any time there is a major change in your life.

Our investment recommendations are focused on low-cost stock and bond mutual funds and Exchange Traded Funds (ETFs) with an emphasis on index funds, and cash & cash equivalents. We do not recommend specific stocks or bonds, short selling, margin trading, put or call options, futures, commodities, limited partnerships, or other sophisticated investment vehicles or techniques. Our underlying philosophy is to use financial planning and investment strategies for the long-term.

You remain in custody and control of all your investments and accounts at all times. We never have control, power of attorney, discretionary authority, or custody of your assets. We do not manage your assets or execute trades on your behalf.

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

Freedman Financial Planning is a fee-only service provider, which means fees paid by clients are the only source of compensation. We do not charge any performance-related or asset management fees. We do not sell any products and we do not receive any commissions. Our sole fiduciary responsibility is to the client.

Our fees for financial planning and investment advisory services are based on an hourly rate of \$180 per hour, billed in six-minute increments, for the estimated time to complete the services. The final fee will not exceed the upper fee range estimate, unless you ask us to provide additional services and agree to it in writing or via email. Discounted fees are negotiable at our sole discretion.

All fees are paid in the form of a personal check. We require a deposit at the start of a financial planning project in the amount of one half the estimated service cost. The balance of the fee due is payable immediately upon presentation of the financial plan to you. Fees will not be collected for services to be performed more than six months in advance which are in excess of \$500.

Either you or Freedman Financial Planning may terminate an engagement by providing written notice. If you terminate the engagement within five days of signing the service agreement, your entire deposit will be refunded to you. If you terminate the engagement after five days, you are

responsible for any fees incurred for work already performed; however, any remaining balance of your deposit will be refunded.

The fees for our services are completely separate from any fees and expenses associated with mutual funds, ETFs, or other investments that we may recommend. Each investment has an explanation of its expenses in its prospectus. You are encouraged to read the prospectus before investing. In addition, you may also incur separate transaction costs or administration fees from brokerage firms. We recommend that you obtain a complete schedule of fees from your brokerage firm. We do not receive any payment or compensation from your investment transactions. The only compensation received by Freedman Financial Planning is the hourly fees paid directly by you.

## **Item 6 - Performance-based Fees and Side-by-Side Management**

Freedman Financial Planning does not charge any performance-based fees or engage in side-by-side management. (Performance-based fees are fees based on a share of the capital gains or capital appreciation of the assets of a client. Side-by-side management is when a firm manages a hedge fund “side-by-side” with a mutual fund.)

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

We provide services to individuals and families. Our clients range from young adults fresh out of college to those who are already in retirement.

We do not have minimum income, asset, or net worth requirements.

Our clients typically are looking for a plan or a strategy to meet their goals, they want a professional opinion for issues such as whether their 401(k) is invested properly, or they have specific questions such as how to pay for college.

Our clients want an investment strategy that is easy to understand and maintain.

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

When we are engaged to provide investment advice, first we gather information about your personal financial situation and determine your specific needs, goals, resources, time horizon, and tolerance for risk. This is accomplished through:

- a risk tolerance questionnaire;
- a confidential questionnaire of personal information;
- additional sources of data such as account statements, tax returns, etc.; and
- an in-depth discussion with you.

We will next make an asset allocation decision based on our tools and our best judgment, with the goal of helping you achieve your overall financial objectives while minimizing risk. Then, based on the recommended asset allocation, we will provide a list of specific investments (including ticker symbol if appropriate) and the dollar amount that should be invested in each asset. Finally, we will recommend that the portfolio be maintained by rebalancing approximately annually or when a major adjustment is needed.

We employ a fundamental, long-term, buy-and-hold philosophy in regards to investment advice. We favor a passive approach to investing. We believe that the appropriate allocation of assets across diverse investment categories (i.e. stocks vs. bonds, foreign vs. domestic, large cap vs. small-cap, high quality vs. high yield, etc.) is the primary determinant of portfolio returns and is critical to the long-term success of your financial objectives and goals. The specific investments we recommend are primarily low-cost, no-load, index investments.

All investments have some risks associated with them and have a potential for loss. You need to be able to bear this risk of loss. While we believe our investment strategy is designed to potentially produce the highest possible return for a given level of risk, it cannot guarantee that the investment objective or goal will be achieved. Some investment decisions made by us may result in loss, which may include the original principal amount invested. You must be able to bear the various risks involved in investing, which may include market risk, liquidity risk, interest rate risk, currency risk, or political risk, among others. Low-cost, no-load, index investments have the potential to be affected by tracking error risk, which is defined as a deviation from the stated benchmark index.

## **Item 9 - Disciplinary Information**

Freedman Financial Planning has had no legal or disciplinary events, and does not have any pending events.

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

Freedman Financial Planning is not registered, nor do we have an application pending, as a securities broker-dealer. We are also not registered and do not have an application pending as a futures commission merchant, commodity pool operator, or commodity trading advisor.

We do not have arrangements that are material to our advisory business or our clients with a related person who is a

- broker-dealer,
- municipal securities dealer,
- government securities dealer or broker,
- investment company or other pooled investment vehicle,
- other investment advisor or financial planner,
- futures commission merchant,
- commodity pool operator,

- commodity trading advisor,
- banking or thrift institution,
- accountant or accounting firm,
- lawyer or law firm,
- insurance company or agency,
- pension consultant,
- real estate broker or dealer, or
- sponsor or syndicator of limited partnerships.

We do have an arrangement to provide support services to Chamberlain Financial Planning. In this capacity, we help service the clients of Chamberlain Financial Planning under the direction of the Owner, Mike Chamberlain. Under this arrangement, we are compensated with a portion of the client fees paid to Chamberlain Financial Planning.

As a service to clients, we may provide referrals to other investment advisory firms and other professionals, such as a CPA, attorney, etc. We do not have referral agreements with any professional or advisory firm we may refer you to and we do not receive fees as a result of our referral. However, if we refer you to Chamberlain Financial Planning, then it is possible that we may be compensated indirectly through a portion of the client fees you pay to Chamberlain Financial Planning if Chamberlain Financial Planning asks us to provide support services for your project.

Cynthia Freedman is a member of the Garrett Planning Network. This is a nationwide network of professional, fee-only financial advisors. Garrett Planning Network members are independent financial planners dedicated to providing competent, objective financial advice to people from all walks of life.

Cynthia Freedman is a member of the Financial Planning Association. FPA members are committed to the highest standards of professional competence, ethical conduct, and clear disclosures.

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

Freedman Financial Planning has adopted a code of ethics that sets forth the basic policies of ethical conduct for all associated persons of the firm. We accept the obligation not only to comply with the mandates and requirements of all applicable laws and regulations, but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. We will provide a copy of our code of ethics to any client or prospective client upon request.

Freedman Financial Planning adheres to the Certified Financial Planner Board of Standards Code of Ethics, which may be found at [www.CFP.net/learn/ethics.asp](http://www.CFP.net/learn/ethics.asp).

We do not recommend securities to clients in which Freedman Financial Planning or any related person has a material financial interest. At times, personnel and related parties of Freedman Financial Planning may hold positions in investments that we are also recommending to you. However, at no time will we, or any related party, receive preferential treatment over you, since our personal trading occurs primarily on an automatic, periodic basis and since the total volume of each transaction is usually insignificant to the market and should not affect the price.

## **Item 12 - Brokerage Practices**

Freedman Financial Planning is not associated with any broker-dealer firm. We may recommend the services of a low-cost provider, such as Vanguard or Fidelity. Broker or custodian recommendations are based upon individual client needs, availability of investment products, level of service, and brokerage fees and commissions. Although we may recommend one or more service providers to the client, we do not receive any additional compensation or client referrals when you use the services of a recommended brokerage firm or service provider.

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

We do not provide continuous monitoring or regular reviews of client accounts or financial plans. We do recommend you have your financial plan updated periodically, such as on an annual basis, but it is usually your responsibility to initiate these reviews. We also recommend that you notify us of any changes to your personal financial situation.

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

Freedman Financial Planning does not receive, nor does it pay, any fees for client referrals. However, if we refer you to Chamberlain Financial Planning, then it is possible that we may be compensated indirectly through a portion of the client fees you pay to Chamberlain Financial Planning if Chamberlain Financial Planning asks us to provide support services for your project.

## **Item 15 - Custody**

We do not take custody of your cash, bank accounts, or securities. Your cash, bank accounts, and securities will be maintained by an unaffiliated, qualified custodian, such as banks, brokerage firms, and mutual fund companies. You will receive account statements directly from your service provider, typically on a monthly or quarterly basis or as account transactions occur. You should carefully review these statements.

We will not ask for, nor accept, any of your account access information, such as username and/or password.

We will not act as a trustee for, nor have full power of attorney over, a client account, unless as a trustee of an immediate or incompetent family member.

## **Item 16 - Investment Discretion**

Freedman Financial Planning does not provide discretionary investment management services, so issues related to investment discretion are not applicable.

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

We do not vote client securities. You will receive your proxies and other solicitations directly from the custodian or transfer agent for your investments. It is your responsibility to vote the proxies for any and all securities in your portfolio.

## **Item 18 - Financial Information**

Due to the nature of our services, an audited balance sheet is not required in this disclosure document. Freedman Financial Planning does not have any financial conditions that require further disclosure.

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

### A. Education and Business Background of Principals

**Name:** Cynthia Freedman

#### **Formal Education:**

- Santa Clara University - B.S. Mathematics 1987
- University of California Santa Cruz - Certificate in Personal Financial Planning 2006
- Passed the CERTIFIED FINANCIAL PLANNER™ Board of Standards exam 2006
- Financial Planning Association's Residency 2007

#### **Business Background:**

- Software Engineering and Software Support Services for NASA Ames Research Center under contracts with Sterling Software, Raytheon, and University of California Santa Cruz, 1988-present
- Freedman Financial Planning, Principal, 2008-present

### B. Other Business Activities

In addition to providing financial planning advice, which includes investment analysis and recommendations, Cynthia Freedman is also involved in the following financial business activities:

- Cynthia is a registered tax preparer for Federal and California State income taxes with the Internal Revenue Service (IRS) and with the California Tax Education Council (CTEC). The amount of time which may be spent on this business activity is unknown.
- Cynthia may provide financial planning support services to Chamberlain Financial Planning. She does this work as a contractor under the direction of Mike Chamberlain, Owner. She receives payment on a project or hourly basis from Chamberlain Financial Planning; she does not receive payment directly from Chamberlain Financial Planning's clients. The amount of time which may be spent on this business activity is unknown but is expected to be no more than 10 hours per week.

Cynthia Freedman is also engaged in the following non-financial related business activities:

- She is a software engineer at NASA Ames research Center, currently through a contract with University of California Santa Cruz. In this capacity, she is part of a group which conducts research in air traffic management and writes air traffic control tools. She is engaged in this activity 24 hours per week.

#### C. Performance-Based Fees

Cynthia Freedman is not compensated for advisory services based on the performance of the invested assets.

#### D. Disciplinary Information

Cynthia Freedman has not been nor is currently the subject of any reportable legal or disciplinary event.

#### E. Relationships with Issuer of Securities

Cynthia Freedman does not have any relationship or any other arrangement with any issuer of securities.