



**03/30/2023**

**Costello Financial Planning, Inc.**

[www.costellofinancialplanning.com](http://www.costellofinancialplanning.com)

Firm Brochure

(Part 3 of Form ADV)

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Bend, OR 97702

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Chicago, IL 60606 (by appointment only)

1202 E Clarendon St.  
Arlington Heights, IL 60005 (by appointment only)

**Item 1: Introduction**

Costello Financial Planning Inc. is a Registered Investment Adviser (RIA) with the SEC. We are a fiduciary firm, meaning that we are required to act in its clients' best interest at all times. We are NOT a registered Broker-Dealer. Brokerage and Investment advisory services differ significantly, and we believe it is important for every investor to know the difference. Investment advisors are compensated on a flat-fee or Asset-Under-Management percentage fee model, whereas Broker-Dealers are typically paid commissions.

For authoritative guidance on the differences, please see FINRA's website:

<https://www.finra.org/investors/learn-to-invest/choosing-investment-professional>

Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers, and investing.

**Item 2: What investment services and advice can you provide me?**

We offer investment advisory services to retail investors, including portfolio management, retirement planning, tax planning, and other financial planning services.

We monitor our retail investors' account activity on a daily basis on days which the NYSE is open for full or partial trading.

For accounts which we have discretionary authority, which is the majority of accounts which we manage, we are a limited power of attorney on those accounts to buy or sell securities, rebalance account allocations, and execute first-party ACH transfers for which we have previously been granted authority to do so.

For accounts which we do not have discretionary trading authority, we monitor investments on a monthly basis. For these accounts, the retail investor, and not the investment adviser, retains full control over the ultimate decision-making regarding purchases and sales of investments.

As independent fiduciary investment advisers, we are not compensated by advising our clients towards particular investments over others, and we are not affiliated with product sales firms.

Further details regarding our advisory services are as follows (and can also be found in Part 2A of our ADV and on our website):

**Wealth Management Services**

Costello Financial Planning, Inc.'s wealth management services offer the concept of a Personal CFO combining essential components from the right team members for comprehensive wealth management. The process involves the following steps:

- Discovery: Exploration and identification of values and goals.
- Base Plan: Data collection and organization of facts outlining where the client is today.
- Investment Planning: Preparation of Investment Policy Statement outlining a client's current financial situation.
- Development of Investment Plan: Selecting a portfolio that will correspond with a client's specific situation.
- Clients may impose restrictions on investing in certain securities or types of securities.
- Implementation: Providing ongoing services for the management of client accounts in accordance with investment and wealth objectives.
- Wealth Management Meetings: Contact with clients to determine if their financial circumstances or investment and wealth objectives have changed requiring alternative strategy.

Our wealth management services are comprehensive. They include, but are not limited to, the following: financial planning, cash flow analysis, scenario planning, personal investment policy statement, asset allocation, manager selection, tax planning, asset location, risk tolerance, risk mitigation, professional relationships and regular portfolio monitoring.

On an ongoing basis, we will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. In addition to managing the client's investment portfolio, Costello Financial Planning, Inc. may consult with clients in various financial areas including income and estate tax

planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things.

#### Retirement Plan Consulting Services

Retirement plan consulting services include developing and maintaining an Investment Policy Statement for an employer retirement plans, such as a 401(k). The IPS formalizes investment review guidelines. Retirement Plan Consulting provides initial and ongoing due diligence of the plan's securities. Reviews with the trustee or investment committee are scheduled according to the trustee.

We assist in the plan design, but Costello Financial Planning does not provide Third Party Administration (TPA) services. The TPA is hired by the plan's trustee.

#### Private Foundation Services

Private Foundation services develop and maintain an Investment Policy Statement for trustees of charitable organizations. The IPS formalizes investment review guidelines. Reviews with the trustee or investment committee are scheduled according to the trustee.

Our Private Foundation services include, but are not limited to, the following: creation and registration of a corporate 501(c)3 registered entity, cash flow analysis, investment policy statement, asset allocation, manager selection, tax planning, risk tolerance, professional relationships, and regular portfolio monitoring.

On an ongoing basis, Costello Financial Planning, Inc. will answer clients' inquiries regarding their foundation and review periodically with clients the performance of the foundation. In addition to managing the client's private foundation, Costello Financial Planning, Inc. may consult with clients in various financial areas including grant making, cash flow analysis, record keeping, and legacy planning.

#### Tax Preparation Services

Tax Preparation services are offered to CFP clients. Personal tax return preparation (form 1040) is included in Wealth Management Services. CFP pays Brothers Tax, LLC for their personal tax return services. The client pays other tax preparation services, like business and foundation tax preparation.

### **Item 3: What fees will I Pay?**

As a fee-only firm, Costello Financial Planning, Inc. is compensated directly by its clients and never accepts commissions, referral fees, or compensation of any kind related to the products recommended to the client or purchased or sold by clients.

When it is appropriate, we may recommend other professionals to our clients. These professionals may include attorneys, accountants, insurance agents, real estate agents, etc. We do not pay or receive any referral fees or compensation for the referrals made to its clients. These other professionals are engaged directly by the client on an as-needed basis even when recommended by the firm. Any known conflicts of interest will be disclosed to the client and managed in the best interest of the client.

#### **Wealth Management, Retirement Plan Consulting, Private Foundation Services Fees**

Services are provided on a fee-only basis and are based on a percentage of assets that Costello Financial Planning, Inc. manages according to the schedule below:

Total Assets Under Management	Annual fee %
First \$1,000,000	0.99%

\$1,000,001 to \$2,000,000	0.89%
\$2,000,001 to \$3,000,000	0.79%
\$3,000,001 to \$4,000,000	0.69%
\$4,000,001 to 5,000,000	0.59%
Over \$5,000,000	0.49%

There is a minimum billing quarterly billing of \$1,250. Billing is done quarterly in arrears. Costello Financial Planning, Inc.'s service fees are deducted quarterly from a designated brokerage account at their qualified custodian. This billing is in arrears. The client must consent in advance to direct debiting of their investment account for Costello Financial Planning, Inc.'s fees.

Costello Financial Planning, Inc. has the discretion to waive minimum billing. Fees are negotiable.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the client may terminate the investment advisory contract within five (5) business days of signing the contract without incurring any advisory fees.

### **Other Costs**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, bonds, and exchange-traded funds. These transaction charges are usually relatively nominal and are incidental to the purchase or sale of a security. In some cases, custodians also charge monthly, quarterly or annual custody fees. Fees for custody are disclosed to clients when this type of arrangement is recommended.

Mutual funds and exchange-traded funds generally charge a management fee for their services as investment managers. The management fee is included in the expense ratio. Mutual fund fees also include transaction charges for the purchase or sale of securities within the fund and may charge other fees as disclosed in the fund prospectus. These fees are in addition to the fees paid by the client to Costello Financial Planning, Inc.

We do not engage in any wrap-fee programs.

### **Conflicts of Interest**

We have chosen our investment advisory model to avoid conflicts-of-interest as much as possible. However, under an assets-under-management model, we do understand that there is an incentive to encourage our clients to increase the assets in his or her accounts which we invest. Although conflicts like this do arise from time to time, we prioritize progress towards goals as a more important metric for success than size of managed accounts. This allows us to make objective decisions and include things like debt management and cash flow needs in our advice. We also make sure that our clients know how we are compensated so that they can make informed decisions on which assets they would like us to manage.

### **Frequently Asked Questions**

"If I give you \$800,000 to invest, how much does towards fees and costs, and how much is invested?"

The entire \$800,000 would be invested. Then, after three months, and once per quarter thereafter, about \$2,000 (plus or minus depending on investment performance), would be debited from your account as your advisory fee. That is the only way in which we are compensated as your adviser.

“What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?”

***When we act as your investment adviser***, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. See the “Conflict of Interest” section above for some examples to help you understand what this means.

“How do your financial professionals make money?”

Our financial professionals (Rob and Paul) are both partners of the firms and are compensated based on the revenue our firm earns from our advisory services.

“Do you or your financial professionals have legal or disciplinary history?”

No. Please refer to [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research financial professionals. Our CRD # is 175295. As financial professionals, neither Rob nor Paul have any disciplinary history.

“Who is my primary contact person? Is he a representative of the investment adviser? Who can I talk to if I have concerns about how this person is treating me?”

Your primary contact person will be either Rob Costello or Paul Costello. You can send any concerns regarding your primary contact person to [cfp@costellofp.com](mailto:cfp@costellofp.com), or reach out directly to Paul or Rob.

#### Item 5. Additional Information

Additional information about our investment advisory services and copies of our relationship summaries can be found by searching our CRD at <https://adviserinfo.sec.gov/>

You can also contact Costello Financial Planning at 847-894-2067 to request a copy of the relationship summary.