

# Quantum Financial Planning LLC

Registered Investment Adviser

Quantum Financial Planning LLC

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Form ADV Part 2A

Firm Brochure

January 3, 2023

This brochure provides information about the qualifications and business practices of Quantum Financial Planning LLC. If you have any questions about the content of this brochure, please contact our Chief Compliance Officer, Mr. Thomas M. Nowak, at (847) 767-1682.

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 Quantum Financial 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 133626.

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**

The firm amended its January 14, 2022 Form ADV Part 2 as part of a routine annual update requirement. For 2023, one material change was made. The hourly fee changed from \$150/hour to \$180/hour.

The firm will amend its brochure anytime there is a material change and this Item (section) will include a summary of any material changes. When the firm updates this document, it will 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: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or may contact our firm at (847) 767-1682 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 Quantum Financial Planning LLC shall also be referred to as “the firm,” “firm,” “our,” “we” or “us.” The client or prospective client may be also referred to as “the client,” “client,” 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.

## **Item 4 - Advisory Business**

### ***Description of the Firm***

Quantum Financial Planning LLC is a Washington domiciled limited liability company originally formed during 2005 in Illinois. We frequently operate under the trade name Quantum Financial Planning. Our firm is not a subsidiary of nor do we control another financial services industry entity. In addition to our 2020 registration as an investment adviser in the State of Washington, 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, to include Wisconsin in 2015 and Illinois in 2005.

Thomas Michael Nowak, CFP® is our firm's Principal and Chief Compliance Officer (supervisor). He is also Member Manager and maintains majority interest in the firm. Additional information about Mr. Nowak and his professional experience may be found at the end of this brochure in his accompanying Form ADV Part 2B supplement.

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

Our firm provides advice to those interested in areas such as cash flow and budgeting, funding a college education, retirement planning, among others, as well as periodic investment advice. An introductory interview is conducted by our firm to determine your current situation, long-term goals, and the scope of services that may be provided to you. During or prior to your first meeting you will be provided with a current Form ADV Part 2 firm brochure that includes a statement involving the firm's privacy policy (see Item 11). In addition, we will ensure that we have disclosed any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice.

Should you wish to engage our firm for its services, you must first execute our client engagement agreement. Depending on the scope of the engagement, you may be asked to provide copies of or information involving the following documents early in the process:

- Wills, codicils and trusts
- Insurance policies
- Mortgage information
- Tax returns
- 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
- Employment or other business agreements you may have in place
- Completed risk profile questionnaires or other forms provided by our firm

Our ability to provide our advisory services depends on access to important information about our clients, and it is important that the information and financial statements you provide is accurate. Our firm may, but is not obligated to, verify the information you have provided which will then be used in the financial planning or investment advisory process. It is also necessary that you provide us 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 their legal agent's authority to act on behalf of the account, among other information.

### Financial Planning and Investment Consultation Services

A description of our offered services is provided in the following paragraphs and an estimate of the time needed to complete each service is shown, although the time needed to complete these services may vary depending on the complexity of your engagement. Our services may be broad-based or more narrowly focused as you desire. If several or all of the services described are provided together, the total time needed to complete these services may be less than the time it would take to complete each service separately because of the efficiency gained by combining more than one service.

#### Cash Flow Analysis and Debt Management (1-3 Hours)

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 (2-5 Hours)

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 (2-5 Hours)

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.

#### Retirement Planning (3-6 Hours)

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.

#### Education Planning (1-4 Hours)

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 various ways to contribute to family members' educational goals, if appropriate.

### Estate Planning (1-6 Hours)

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 (we are not compensated for these referrals). From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

### Tax Planning Strategies (1-4 Hours)

Advice may include ways to minimize current and future income taxes as a part of the client's overall financial picture. A recommendation 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 the possibility of future changes to federal, state or local tax laws and rates that may impact each client's situation. Contact information for an accountant or an attorney is available if you do not have one on retainer. We do not receive compensation for such introductions.

### Investment Consultation (3-6 Hours)

Investment consultation services component often involves 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. The strategies and types of investments that may be recommended are further discussed in Item 8 of this brochure. We do not execute trades in our clients' accounts (see Item 16 of this brochure).

A broad-based plan is an endeavor that requires detail; therefore, certain variables can affect the cost involved in the development of the plan: the quality of records, complexity and number of current investments, diversity of insurance products and employee benefits maintained, size of the potential estate, and special needs of the client or their dependents, among others. We may concentrate on reviewing only a specific area (modular planning) per client request, such as an employer retirement plan allocation, college funding or evaluating the sufficiency of savings plan. Note that when these services focus only on certain areas of client interest or need, the overall situation or needs may not be fully addressed due to limitations established by the client. 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.

### General Information

We do not offer ongoing and continuous supervision of an investment account, nor do we provide accounting, legal or insurance related services. The firm does not sponsor or serve as a portfolio manager in an investment program involving wrapped (bundled) fees. Due to the nature and delivery of our advisory services, we do not have reportable assets under management.<sup>1</sup>

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<sup>1</sup> The term "assets under management" as defined by the SEC's *General Instructions for Part 2 of Form ADV*.

## **Retirement Plan Advice and Rollovers**

As a registered investment adviser, our firm is a fiduciary to every client, meaning that we are obligated to act in our clients' best interests at all times. In addition to our fiduciary status as an investment adviser firm, when our firm provides advice to retirement investors, such as advice on an employer-sponsored retirement plan, Individual Retirement Account (IRA) or other qualified retirement plan, we may also be considered by the Department of Labor and the Internal Revenue Service to be acting as a fiduciary under Title I of ERISA and the Internal Revenue Code. These fiduciary obligations include requirements that we disclose our services and fees, conflicts of interest, and the reasons our recommendations are in the client's best interests.

After an analysis of the client's situation and plan documents, we will consider relevant factors including but not limited to the following:

- Alternatives to rolling the employer plan to an IRA, including leaving the money in an employer's retirement plan (if permitted); rolling the money to a new employer plan if available; or cashing out;
- The fees and expenses associated with both the employer's plan and the rollover IRA (or other alternatives such as noted above) and whether the employer currently pays for some or all of the plan's expenses;
- The different levels of services and investments available under the employer plan and the rollover IRA, and other alternatives;
- Evidence that a rollover is the most appropriate choice in light of any additional costs and the resultant decrease in the client's returns;
- How withdrawals are treated under each alternative (*e.g.*, penalties up to age 55 vs. 59-1/2);
- Protection from creditors and legal judgments (unlimited vs. bankruptcy only; federal- and state-specific);
- Required minimum distributions;
- Tax implications of rolling shares of employer stock;
- The impact of economically significant investment features such as surrender schedules and index annuity cap and participation rates (such as in an employer-sponsored 403(b) plan account);
- Any other relevant variables particular to the client's situation.

The client will be made aware of conflicts of interest including but not limited to whether our firm will profit from a recommendation through financial planning and/or investment management fees, and whether services we offer are already provided by or available through the current plan, potentially at no additional cost.

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

### ***Method of Compensation and Fee Schedule***

The services to be provided to you and their specific fees will be detailed in your engagement agreement. Published fees may be discounted at the discretion of our firm but they are not negotiable. Our firm strives to offer fees that are fair and reasonable in light of the experience of our firm and the services to be provided to you. Similar services may be made available from others and potentially at a lesser fee.

Payment may be made via check or teller's draft from a U.S. financial institution as well as automated payment through a qualified, unaffiliated third-party processor with your prior authorization.<sup>2</sup> We do not accept cash, money orders or similar forms of payment for advisory engagements.

### **Financial Planning and Investment Consultation**

Our firm is compensated for its financial planning and investment consultation engagements on hourly fee basis. The rate is \$180 per hour. You will be billed in 15-minute increments, and partial increments will be treated as a whole. Please review the various components offered in Item 4 to determine an approximate of our fee. Prior to entering into an agreement with the firm you will receive an estimate of the overall cost based on your requirements and the time involved. A deposit of \$500 or 50% of the lower end of the estimated total fee range, whichever is less, is generally required at the time of the engagement. The balance of the fee is due upon delivery of the plan or advice, or for engagements spanning more than one calendar quarter, fees may be billed at each month's end. Our invoice will be provided each time we assess our fee, and it will include the fee to be charged, the formula used to calculate our fee, the time period covered by the fee and the fee calculation itself. A plan will be provided to you within six months of initiating the engagement. The engagement ends after the last session.

### **Termination of Services**

Either party may terminate the agreement at any time, which will typically be 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 future services upon receipt of a termination notice.

If a client of our firm does not receive our Form ADV Part 2 firm brochure at least 48 hours prior to entering into our firm's agreement, then that client will have the right to terminate the engagement by written notice without fee and penalty within five (5) business days after entering into the contract. For financial planning clients who choose to terminate the agreement, we will assess our hourly fee for work completed up to the date of termination and will refund any unearned pre-paid fees or will bill for any hours worked but not yet paid for. We will deliver the partial project or financial plan developed up to the date of termination.

Our firm will return any prepaid, unearned fees (if any) within 30 days of the firm's receipt of termination notice. The refund will be determined by the amount of time spent prior to termination which will then be deducted from the deposit. In all instances, we will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, and the time period covered by the fee. Earned fees in excess of any prepaid deposit will be billed at the time of termination and will be due upon your receipt of our invoice.

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<sup>2</sup> We do not retain debit/credit card data. For an explanation of the term "PCI," the PCI Security Standards Council, and comprehensive standards to enhance payment card data security, go to [https://www.pcisecuritystandards.org/security\\_standards/index.php](https://www.pcisecuritystandards.org/security_standards/index.php)



### ***Additional Client Fees***

Any transactional or service fees (sometimes termed *brokerage fees*) assessed by a selected service provider (such as your account custodian), individual retirement account fees, qualified retirement plan or account termination fees will be borne by the account holder and are per those provided in current, separate fee schedules of any selected service provider. Fees that you pay to our advisory firm for its services are separate from charges that you may be assessed from mutual funds, exchange-traded funds (ETFs) or other similar investments. Additional information about the firm's fees in relationship to its business practices is noted in Item 12 of this document.

### ***External Compensation Involving Client Securities***

Our firm does not charge or receive a commission or mark-up on your purchases, nor will the firm or an associate be paid a commission on your purchase of a securities holding or insurance product that may be recommended to you. We do not receive "trailer" (a.k.a. "trails") or SEC Rule 12b-1 fees from an investment company that may be recommended to you. Fees charged by such issuers are detailed in prospectuses or product descriptions and you are encouraged to read these documents before investing. See item 8 for the types of securities that we recommend. Our clients retain the right to purchase recommended or similar investments through a service provider (e.g., brokers and agents) of their own choice.

### **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**

Our firm provides advisory services to individuals and families from all walks of life and investment experience, as well as to small organizations. We do not require minimum income, asset levels or other similar preconditions for our services. We may also decline our services to a prospective client for any non-discriminatory reason.

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

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

When we are engaged to provide investment advice, we will first gather and consider several factors, including:

- current financial situation and need
- interim and long-term goals and objectives
- level of investment knowledge
- tolerance or appetite for risk
- reasonable investment restrictions involving your portfolio

We conduct fundamental and technical analyses, evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Our research is drawn from sources that include financial periodicals and software systems, as well as reports from economists and other industry professionals.

Our strategy does not employ market timing but rather long term buy-and-hold strategy with periodic rebalancing of the account to maintain the desired risk levels. We recommend portfolios that contain investment vehicles that are considered diversified, tax-efficient and low-cost whenever practical; typically, mutual funds, ETFs and theme-based mixes of individual equities. In some circumstances, we may advise clients on individual equities.

### ***Risk of Loss***

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 or planning goal will be achieved. Each client must be able to bear the risk of loss that is associated with their account, which may include the loss of some, or their entire principal invested. 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.

### ***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.

### ***Equity (Stock) Risk***

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Preferred stocks can be affected by interest rate and liquidity risks (described in adjacent paragraphs). Also note that their dividend payment is not guaranteed; some are subject to a call provision, meaning the issuer can redeem its preferred shares on demand, and usually when interest rates have fallen.

### ***ETF and Mutual Fund Risks***

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 the use of leveraged or inverse ETFs due to their inherent heightened risk.

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

Each financial planning client is free to accept or reject any or all of the recommendations made by our firm. 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.

### Fixed Income Risks

Various forms of fixed income instruments, such as bonds, money market or bond funds may be affected by various forms of risk, including:

- Credit Risk

The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

- Duration Risk

Duration is a measure of a bond’s volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

- Interest Rate Risk

The risk that the value of the fixed income holding will decrease because of an increase in interest rates.

- Liquidity Risk

The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

- Reinvestment Risk

With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

### 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

Investment vehicles such as certain ETFs and indexed funds have the potential to be adversely affected by “tracking error risk” or “active risk,” which might be defined as a deviation from a stated benchmark. Since the index attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index fund or ETF that may not as closely align the stated benchmark.

### Inflation Risk

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.

### Money Market Funds

A money market fund is managed to maintain a stable net asset value (NAV) of \$1 per share, the value of the fund may fluctuate, and you could lose money (termed "breaking the buck"). Money market funds are a type of mutual fund investing in high-quality, short-term debt securities, pays dividends that generally reflect short-term interest rates and seeks to maintain a stable NAV per share (typically \$1). An investment in a money market mutual fund are normally not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

### 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; the return on each type of asset is a deviation from the average return for the asset class. We believe this variance from the "expected return" is generally low under normal market conditions when a portfolio is made up of diverse, low or non-correlated assets.

### Political Risk

The risk of financial or market loss because of political decisions or disruptions in a particular country or region. Also known as "geopolitical risk."

### 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.

### Socially Conscious Investing

If you require your portfolio to be invested according to socially conscious principles, you should note that returns on investments of this type may be limited and because of this limitation you may not be able to be as well diversified among various asset classes. The number of publicly traded companies that meet socially conscious investment parameters is also limited, and due to this limitation, there is a probability of similarity or overlap of holdings, especially among socially conscious mutual funds or ETFs. There could therefore be a pronounced positive or negative impact on a socially conscious portfolio, which could be more volatile than a fully diversified portfolio.

### Technical Analysis

The risk of investing based on technical analysis is that they may not consistently predict a future price movement; the current price of a security may reflect all known information. A 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.

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

Neither the firm nor its management has been involved in any material criminal or civil action in a domestic, foreign or military jurisdiction, or an administrative enforcement action from any state or federal agency, 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. Our firm 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. We are not required to be registered with such entities, nor do they supervise our firm, its activities, or our associates. Our firm does not have a material relationship with any of the following types of entities:

- accounting firm or accountant
- another investment adviser, to include financial planning firms, municipal advisers, sub-advisers or third-party investment managers; nor do we refer, select or utilize their services
- bank, credit union or thrift institution, or their separately identifiable department or division
- insurance company or agency
- lawyer or law firm
- pension consultant
- 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)

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

The firm owes its clients a fiduciary duty to put the client's interests first which includes, but is not limited to, a duty of care, loyalty, obedience, and utmost good faith. Our firm believes that its 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. We will disclose to our 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***

The firm has adopted a Code of Ethics that establishes policies for ethical conduct for all its personnel, and accepts the obligation not only to comply with all 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. We periodically review and amend our Code of Ethics to ensure that they remain current, and we require firm personnel to annually attest to their understanding of and adherence to the firm's Code of Ethics. A copy of our Code of Ethics is made available to any client or prospective client upon request.

### ***CFP® Principles***

Firm associates that are Certified Financial Planner™ Practitioners also adhere to the Certified Financial Planner Board of Standards, Inc.'s Code of Ethics & Professional Responsibility which you may find at [www.cfp.net](http://www.cfp.net).

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

Quantum Financial Planning LLC respects the privacy of all clients and prospective clients (collectively termed "customers" per federal guidelines), both past and present. It is recognized that our customers 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 provided to us to complete their plan or investment recommendation;
- Information provided via 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 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 is 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 providing information about a family member'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 its customers with its privacy policy on an annual basis and at any time, in advance, if firm privacy policies are expected to change.

### ***Firm Recommendations 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 adviser 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.

The firm offers financial planning and investment consultation services. The potential for a conflict of interest may exist within various client relationships and we hereby note that you are under no obligation to act on a recommendation from an associate and, 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.

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 (e.g., trading ahead of client recommendation or transaction, cross-trades, etc.), firm policy requires 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 any accompanying Form ADV Part 2B brochure supplement for further details.

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

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

We will not take physical or constructive custody of your assets. 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, there is not an affiliate that is a custodian, nor does a custodian supervise our firm, its activities or our associates. We do not receive client referrals from a broker/dealer or custodian, nor are client referrals a factor in our recommendation of a broker/dealer or custodian.

When we are engaged to provide investment consultation through a financial planning component, we may recommend you continue to use the service provider where your assets are currently maintained. Should you prefer a new service provider, a recommendation of another provider would be based on your needs, overall cost, and ease of use. Our firm prohibits non-cash compensation (sometimes termed “soft dollars”), and we will not “pay up” to receive additional services from a service provider. All compensation paid to the firm is paid directly by the client; therefore, the firm does not receive any additional compensation when its clients engage a recommended custodian or any other service provider.

#### ***Best Execution***

In light of the nature of our firm’s advisory services, it is believed “best execution” review obligations with regard to client transactions are not required under current industry guidelines.

### ***Directed Brokerage***

We do not require or engage in directed brokerage involving client accounts. Clients are free to use any particular service provider to execute their transactions and they are responsible for negotiating any terms or arrangements for their account. Our firm will not be obligated to conduct due diligence of the client's selected service provider, seek better execution services or prices from any provider, or aggregate client transactions for trade execution. Since your transactions are completed at a service provider of your choice, you may potentially pay more for your transaction or experience wider price spreads.

### ***Aggregating Securities Transactions***

Our firm is not engaged for continuous investment supervisory services, nor do we have discretionary authority over an account and, therefore, aggregating ("batching") trades on behalf of client accounts will not be conducted. Since your transactions are completed independently at a service provider of your choice, you may potentially pay more for your transaction or experience wider price spreads than those accounts where trades have been aggregated.

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

#### ***Schedule for Periodic Review of Client Accounts***

Periodic financial check-ups or reviews are recommended, and we believe they should occur at least on an annual basis whenever practical. Reviews will be conducted by Mr. Nowak and normally involve an 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 you upon request. Unless provided for in your engagement agreement, reviews are generally conducted under a new or amended agreement and will be assessed at our firm's current published rate.

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

You should contact our firm for additional reviews when you anticipate or have experienced changes in your financial situation (i.e., changes in employment or marital status, the birth of a child, etc.), or if you prefer to modify investment account requirements. Non-periodic reviews are conducted by Mr. Nowak, which may occur under a new or amended agreement, and will be assessed at our published hourly rate. A copy of revised plans or asset allocation reports will be provided to the client upon request.

#### ***Content of Client Provided Reports and Frequency***

If you have opened and/or maintained an investment account, you will receive account statements and trade confirmations 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" when engaged to provide periodic asset allocation or investment advice. We do not provide account performance reports through our advisory engagements.

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

There is not a referral fee paid to or received from another financial or professional services organization that we may recommend to you; nor is there an established *quid pro quo* for such arrangements. We do not engage in solicitation activities involving unregistered persons.



### **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 physically maintained by our advisory firm nor any associate of the firm. In keeping with this policy involving 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 an associate from having authority to directly withdraw securities or cash assets from a client account;
- Does not accept or forward client securities (i.e., stock certificates) erroneously delivered to the 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
- Prohibits an associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts) if such access might result in physical control over client assets.

You will be provided with transaction confirmations and summary account statements sent directly to you from your custodian of record. Typically, statements are provided on at least a quarterly basis or as transactions occur within your account. You are urged to carefully review your account statements that you have received directly from your custodian. Our firm will not create an alternative account statement for you or serve as the sole recipient of your account statements.

### **Item 16 - Investment Discretion**

We require clients execute trades on a self-directed 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 will not 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. However, 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. 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. We do not directly withdrawal our advisory fees from your investment account.

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 services and operational practices, an audited balance sheet is not required nor included with this brochure.

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

Principal Executives and Management Persons – Thomas M. Nowak. Please see Item 4 of this brochure and the cover page (Item 1) of the accompanying Form ADV Part 2B supplement that accompanies this firm brochure.

Other Business Activities – Author. Please refer Item 4 of the Form ADV Part 2B supplement that accompanies this firm brochure.

Performance-Based Fees – Please see Item 6 of this brochure and Item 5 of the Form ADV Part 2B supplement that accompanies this firm brochure. Neither the firm nor its management is compensated based on performance-based fees. It is perceived that performance-based compensation may create an incentive for an adviser to recommend an investment that may carry a higher degree of risk to a client; an activity contrary to the firm's business practices.

Material Disclosure Matters involving Firm Management – Please refer to Item 9 of this brochure and Items 3 and 7 of the accompanying Form ADV Part 2B brochure supplement. The firm's management has never been the subject of an award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

Members of firm management have not been the subject of an award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

Material Relationship with an Issuer of a Security – Please refer Item 10 of this brochure and Item 4 of the accompanying Form ADV Part 2B brochure supplement. The firm and its management do not have a material relationship with the issuer of a security.

## **Business Continuity Plan**

A plan is in place to notify you if an unplanned business disruption occurs. Simply, if you are having difficulty obtaining a response to an email or phone call for more than 2 weeks, you should send a letter to the firm at the current office address noted on this brochure's cover page. The firm's US postal mailbox will be routinely checked by family members who will contact appropriate financial planning professionals (e.g. other advisers who offer an hourly fee-only business model) who will then contact you.

In the event of a significant power outage, earthquake, tsunami etc., some key systems have cloud-based, remote back up. This will allow for response and appropriate email notifications regarding ongoing project activity.

# Quantum Financial Planning LLC

Registered Investment Adviser

Quantum Financial Planning LLC

5310 Mapleglen Rd

Langley, WA 98260

(847) 767-1682

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

[info@quantumfinancialplanning.com](mailto:info@quantumfinancialplanning.com)

**Thomas M. Nowak, CFP®**

Principal/Chief Compliance Officer

Member Manager

Investment Adviser Representative

CRD # 4889722

**Form ADV Part 2B**

Brochure Supplement

January 3, 2023

**This brochure provides information about Thomas Nowak that supplements the Quantum Financial Planning LLC Form ADV Part 2A firm brochure. You should have received a copy of that brochure. Please contact Mr. Nowak at (847) 767-1682 if you did not receive the full brochure or if you have any questions about the contents of this supplement. Additional information about Thomas Nowak is available on the Securities and Exchange Commission's (SEC) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) under CRD # 4889722.**

## **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**

#### ***Member Manager/Principal/Chief Compliance Officer/Investment Adviser Representative***

Thomas Michael Nowak

Year of Birth: 1952

Individual CRD Number: 4889722

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

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

CERTIFIED FINANCIAL PLANNER™ PROFESSIONAL (CFP® Designation) (02/2008)<sup>1</sup>  
Certificate Program in Financial Planning, DePaul University; Chicago, IL (09/2004)<sup>2</sup>  
Bachelor of Science in Chemistry, University of Illinois; Chicago, IL (05/1974)

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

Quantum Financial Planning LLC (01/2005-Present)

Langley, WA

Managing Member/Principal/Chief Compliance Officer/Investment Adviser Representative

Hospira (04/2004-11/2004)

Lake Forest, IL

Manager, Technology Services

Abbott Laboratories (06/1974-04/2004)

Abbott Park, IL

Manager, Technology Services

## **Item 3 - Disciplinary Information**

Registered investment advisers 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. Nowak has not been the subject of any such event.

## **Item 4 - Other Business Activities**

Investment adviser 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.

Thomas Nowak is a published author of two books: Low Fee Socially Responsible Investing, and Low Fee Vegan Investing. He receives royalty income which represents up to 2% of annual revenues. He publishes

and distributes a brief newsletter on a quarterly basis to clients and any interested parties at no cost to the recipient.

Mr. Nowak and our firm do not have 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 adviser. 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.

#### **Item 5 - Additional Compensation**

Neither our advisory firm nor Mr. Nowak 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. Nowak 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. Questions relative to the firm, its services or this Form ADV Part 2B may be made to the attention of Mr. Nowak at (847) 767-1682. Additional information about the firm, other advisory firms, or an associated investment adviser 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 CRD number for Quantum Financial Planning LLC is 133626 and Mr. Nowak's is 4889722.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may also be obtained by calling the Washington Department of Financial Institutions' Securities Division at (360) 902-8760, the Wisconsin Division of Securities at (608) 266-1064, or the Illinois Securities Department at (800) 628-7937.

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

There have been neither awards nor sanctions or other matter where Mr. Nowak or Quantum Financial Planning LLC has been found liable in a self-regulatory or administrative proceeding. Neither Mr. Nowak nor Quantum Financial Planning LLC has been the subject of a bankruptcy petition.

#### **Information about Professional Designations and Education**

<sup>1</sup>The CERTIFIED FINANCIAL PLANNER™, CFP®, and the 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. 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 interest 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>The completion of a financial planning educational or certification program and the CFP® Certification Examination does not constitute or imply a person is the holder of a professional designation, such as the CERTIFIED FINANCIAL PLANNER™, CFP® professional certification granted in the United States by Certified Financial Planner Board of Standards, Inc. Minimum criteria may be found at: <http://www.cfp.net>.