

**REGISTERED INVESTMENT ADVISER
DISCLOSURE BROCHURE**
Form ADV, Part 2A

Perry Charles Arnold, Jr.

30580 Timberline North
Buena Vista, Colorado 81211

719-395-3882

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This brochure ("*Brochure*") provides information about the qualifications and business practices of Perry Charles Arnold, Jr., a sole proprietorship doing business as **Arnold Financial Planning**. The *Brochure*, including the *Supplement*, contains the information for Form ADV, Part 2, which must be delivered to prospective clients as required by the Securities and Exchange Commission ("*SEC*") under the Investment Advisers Act of 1940 and by certain state securities authorities. Please contact Mr. Arnold if you have any questions about the contents of this *Brochure*. 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 Perry Charles Arnold, Jr. is available on the Internet at:

http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_OrgSearch.aspx

You can search this site by a unique identifying number, known as a CRD number. The CRD number for Perry Charles Arnold, Jr. is 122972.

Investment Adviser registration with the *SEC* or a state securities regulation department is for the registration of pertinent Registered Investment Adviser business information, and does not imply a certain level of skill or training. This *Brochure* is intended, in part, to provide some information on a Registered Investment Adviser's level(s) of skill and training.

A Registered Investment Adviser is a business not a person. A Registered Investment Adviser Representative is a person working for a Registered Investment Adviser. As a sole proprietorship, this *Brochure* is for the Registered Investment Adviser business of Perry Charles Arnold, Jr. doing business as **Arnold Financial Planning**, and contains information about the business entity as prescribed by *SEC* Form ADV, Part 2A. The Supplement found at the end of this *Brochure* is for the Registered Investment Adviser Representative, Perry Charles Arnold, Jr., the person, and contains information about his personal background as prescribed by *SEC* Form ADV, Part 2B.

This *Brochure* contains no material changes since its last update March 12, 2007.

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Advisory Business

The personal financial planning firm of Perry Charles Arnold, Jr. (the "*Firm*") operates as a sole proprietorship doing business as **Arnold Financial Planning**. The *Firm* began operation in 2001. The *Firm* specializes in comprehensive personal financial planning.

The function of personal financial planning is to examine a client's entire financial health of which investment advice is only a part. The examination generally includes, but is not limited to, personal income and expenses, assets and related debt including closely held businesses, management of investments, identification of client financial risks and related insurance needs, retirement, incapacity and estate planning, and income, gift, and estate taxation. A detailed financial plan is then developed based on the client's objectives such as children's education, home ownership, care of aging parents, and retirement.

In conjunction with providing comprehensive personal financial planning and assisting with the client's implementation of the plan, the *Firm* will:

- a) Prepare and/or manage investment portfolio plans;
- b) Prepare tax returns;
- c) Assist in the formation of retirement plans such as 401(k) profit sharing plans and Simplified Employee Pension (SEP) plans;
- d) Facilitate the placement of insurance through appropriate insurance agents; and
- e) Facilitate the writing of wills and the formation of trusts and other estate planning requirements through attorneys.

Investment portfolio plans will depend on client objectives, risk tolerance, and security preferences or restrictions. An investment portfolio may include fixed income securities, such as, certificates of deposit and bonds, corporate stocks, variable life and annuity policies, and mutual funds, including money market, bond, and corporate stock funds.

Types of Clients The *Firm's* personal financial planning practice, including investment advice, is personal, i.e., with individuals, including their trusts, closely held businesses, and related retirement plans. There is no client requirement to open an investment account or maintain a minimum account balance with the *Firm*. Furthermore, clients always have the option of purchasing recommended or other investment products through other brokers, agents, or mutual funds.

Investment Discretion Management of investment portfolios may be on either a discretionary or non-discretionary basis or some combination thereof. Non-discretionary means all changes to the portfolio are at the specific direction of the client. Discretionary means the *Firm* may make investment decisions without consulting with the client first. Unless otherwise agreed upon in writing, investment portfolio management is always on a non-discretionary basis. Portfolio management may also be on some combination of discretionary and non-discretionary, such as where the client has agreed to certain mixes between fixed income and equity securities and/or specific securities, and the *Firm* will re-balance the portfolio on that basis from time to time. As of the date of this *Brochure*, the *Firm* has client investments of \$2,800,000 under management of which all is on a discretionary basis and none is on a non-discretionary basis.

Fees and Compensation

The *Firm* is compensated on a "Fee-Only" basis. This means the *Firm* receives all compensation directly from its clients in the form of specific fees for services performed as outlined below. The *Firm* does not receive compensation in the form of commissions or other fees from third party vendors (such as stock brokerages, insurance brokers, and mutual funds) in connection with any client purchase of services or products from such third parties. Conversely, clients will incur transaction, maintenance, and other fees from such third party vendors for trading, custodial, and other services and/or products provided by those vendors.

Clients may choose to limit the services requested to selective financial planning issues on an hourly fee basis instead of beginning with a comprehensive personal financial plan. However, the importance of starting with a comprehensive personal financial plan cannot be overemphasized. Working within the context of all of the client's financial goals, resources, and risks is crucial to thinking through and evaluating alternatives and making recommendations to achieve client goals

Fee Schedule

	<u>Fee</u>	<u>Minimum</u>
Personal Financial Plan (PFP)		
Initial – includes Investment Management	\$850	
Annual Retainer*	\$425	
 Investment Management Only		
At Charles Schwab & Co., Inc.		
Initial	\$550	
Quarterly after initial six months	0.20%	\$300
 At Alternative Broker/Custodian		
Initial	\$950	
Quarterly after initial six months	0.25%	\$400
 Tax Returns		
Personal (Form 1040)	\$250	
Including Schedule C	\$350	
Fiduciary (e.g. Form 1041)	\$350	
Business (e.g. Forms 1065, 1120S, etc.)	\$450	
 Hourly Financial Planning Services		
Initial	\$125/Hour	\$425
Subsequent	\$125/Hour	No Minimum

* No retainer required if quarterly investment management fee applies.

The initial meeting with any client is primarily to determine the services desired by the client, and, as such, is without charge. Subsequent meetings and the services provided by the *Firm* will be in accordance with the above fee schedule within the following guidelines. One-half of the minimum Personal Financial Plan (PFP) fee, Investment Management Fee (IMF), or the minimum hourly financial planning services fee is due with the signing of an Engagement Letter. Should the client choose not to proceed with the services covered by the engagement letter, the engagement will be terminated, and no fee will be charged. The balance of the PFP or hourly fee is due on presentation of the *Firm's* recommendations.

The annual Financial Plan retainer provides for continued monitoring of Plan implementation, any necessary updates, and general consultations by phone, email, or in person. It does not provide for investment advice or management. Annual retainers are non-refundable. Clients may also choose to pay for future services on an hourly basis in lieu of an annual retainer.

Subsequent quarterly Investment Management fees will be billed directly to the client, not deducted from the client's brokerage account. The initial Investment Management fee and subsequent quarterly fees are non-refundable.

Tax Return fees will be billed on completion of the returns. Fees for specific services or projects not otherwise outlined here may be quoted on a fixed price rather than an hourly basis at the request of the client or at the discretion of the *Firm*.

Payment for Client Referrals The *Firm* does not receive referral fees from third party vendors recommended to the client, nor does it pay referral fees to third party vendors who recommend clients to the *Firm*. The *Firm* recommends other services or products solely on the basis of providing the best possible service or products to the client at a reasonable and competitive cost.

Methods of Analysis, Investment Strategies, and Risk of Loss

Analytical methods vary with the type of security. Mutual fund analysis includes assessment of expenses, fund manager tenure and historic performance against peers, long-term fund performance, and review of other independent reviewers while bearing in mind that past performance is no guarantee of future results. Corporate stocks are evaluated using fundamental analysis techniques as well as review of third party research. Non-investment grade corporate bonds are analyzed in a similar fashion to corporate stocks, while government and investment grade corporate bonds are evaluated primarily on the basis of their bond rating relative to their yield to maturity, i.e., risk versus return.

The *Firm* employs a conservative long-term "buy and hold" investment strategy with emphasis on preservation of capital and the use of a well diversified investment asset mix of cash, fixed income, and equity securities. Recommended mixes and specific use of bonds, mutual funds, corporate stocks, and other securities will depend on many client factors, starting with their objectives and risk tolerance and including available resources, tax planning, and time lines. To maintain the target asset mix, regular re-balancing of securities annually or as circumstances require is considered essential.

Investment in any security always carries with it a risk of loss to the investor. Market fluctuations, interest rates, inflation, economic downturns, and individual business performance are some of the possible exposures. The *Firm* will do its best to tailor the portfolio so that it meets both the client's return expectations and risk tolerance, but this is not guaranteed. In addition, the client's return expectations are subject to the realities of the financial markets and dependent on the risk the client is willing to assume. While the *Firm's* investment strategy is designed to mitigate exposure to various risks, the client needs to understand that the risks are there and to be prepared to bear losses that may result. At any point in time, a client's investments will be worth more or less than originally invested. Performance should be measured over the long-term (three to five years, or more) because complete business cycles typically last that long.

In addition, the *Firm* does not profess to be able to "time the markets" to achieve extraordinary returns. The *Firm* does not believe that anyone can consistently project the next "hot market." Rather, the *Firm* believes that proper asset allocation, careful security selection, and consideration of the economic environment will lead to generally better portfolio performance with less risk.

Brokerage Practices

The *Firm* has chosen to employ Charles Schwab & Co. Inc. (Schwab) as its investment broker of choice. In order to efficiently review client investment accounts under management and thereby maintain low investment management fees for the service, it is essential to concentrate accounts under management at a single broker. Should a client prefer another broker/custodian, investment management fees are increased accordingly. As there are many brokers offering competitive trading and other fees, the primary criteria for selecting a broker from among the many brokers available was the quality of internet, research, and customer services for both the adviser and the client. Also, the impact of higher or lower trading commissions and other fees is greatly reduced because the *Firm's* primary investment strategy is a conservative long-term "buy and hold" approach which minimizes the impact of transaction fees.

On the basis of the *Firm* maintaining minimum aggregate client asset balances under management, Schwab may waive and/or discount service and other fees chargeable to the *Firm* along with providing increased research, information system, and other investment facilities. This is a fairly standard practice, in effect, volume discounts, among brokerages and was incidental in the choice of broker. The *Firm's* investment management fees are set on the assumption of such a reduction in *Firm* costs. Schwab's reduction in fees is based solely on aggregate client asset balances, and is otherwise unrelated to any level of trading commissions or other fees charged directly to the client. Schwab also includes the *Firm* in its list of recommended investment advisers. This is also a standard practice among most brokerages for independent investment advisers, so was also incidental in the choice of broker. Nevertheless, both the waiver and the adviser list do create a conflict of interest in that it induces the *Firm* to concentrate client custody with Schwab. However, since the *Firm's* first responsibility is always the client's best interest, the *Firm* will recommend alternate custody if such would be to the client's advantage.

The *Firm* does require a limited power-of-attorney for all accounts under management at Schwab, whether on a discretionary or non-discretionary basis. Under a limited power-of-attorney, while the *Firm* can make trades and transfer funds between a client's accounts, the *Firm* otherwise has no ability to transfer funds out to the *Firm's* own accounts. The limited power-of-attorney does allow the *Firm* to review account information, and make changes at the direction of the client. It also allows the *Firm* to comply with Schwab requirements to include the client's account in the *Firm's* managed account base.

While generally the size of a client's trade is insufficient to warrant negotiation of a trading commission, the *Firm* will do so when warranted. Similarly, trades in the same security for several clients at the same time are infrequent and rarely provides an opportunity to "bunch" the trades to obtain reduced transaction costs. The *Firm* will do so when practical.

Custody The *Firm* does not provide custodial services to its clients. As mentioned above, Schwab, as the recommended brokerage, is the custodian. In addition, clients may have assets in the custody of other brokerages, mutual funds, banks, and other financial institutions at their discretion. However, as noted above, the *Firm's* fees are predicated on the efficiencies generated by concentration of accounts at a single broker. Use of other brokers at a client's discretion will therefore generally result in additional fees to cover the additional time required.

Investment Performance Investment performance reporting is provided by Schwab and other brokerages, mutual funds, etc. used by the client. The *Firm* will review such reporting with the client as part of its other review procedures for personal financial plans and investment management.

Review of Accounts

The *Firm*, and more specifically, its principal, P. C. Arnold, Jr., reviews client accounts on a quarterly basis. This is done primarily for rebalancing, that is, maintaining the mix of cash, bonds, mutual funds, stocks, and other securities based on the client's investment portfolio plan. No adjustment is generally made for small changes (less than 5%) in relative mix. Consequently, rebalancing may be done on a quarterly, semi-annual, or annual basis depending on the performance of the various portfolio segments.

The *Firm* will also review accounts when asked to do so by the client, as part of a personal financial plan update, or in the event of major market or other economic changes. Annual personal financial plan, or, when necessary, portfolio plan update recommendations, are provided in writing and reviewed in a timely manner with the client.

Other Information

Disciplinary Information The *Firm* has no disciplinary events to disclose such as a criminal or civil action involving investments or an investment related business, administrative proceedings before the SEC, or self-regulatory organizations such as the Certified Financial Planner Board of Standards or the American Institute of Certified Public Accountants.

Other Financial Industry Activities and Affiliations The *Firm* has no other financial industry activities or affiliations such as being a registered representative of a broker-dealer, or financial relationships such as commissions or referral fees with other investment advisers, accounting firms, law firms, or insurance companies.

Participation or Interest in Client Transactions and Personal Trading Neither the *Firm* nor any related person has a material financial interest in any security recommended to clients. The *Firm's* own investment portfolio is well diversified, primarily composed of mutual funds, and maintains no material investment in any single corporate stock. The *Firm* does believe strongly in following its own advice and will recommend similar security investments, both buying and selling, to clients, but such personal and/or client trading would never be expected to be of a magnitude that could influence market value.

Proxy Voting Policies Clients normally receive voting proxies directly from their custodian (generally Schwab). The *Firm* does not usually accept authority to exercise voting power with respect to client securities, but will accept such authority at the client's request in writing. Such an acceptance is done solely as a convenience to the client at no additional charge. However, on acceptance of such authority, the *Firm* will vote such proxies in the client's best interest, but it will be at the *Firm's* sole discretion and judgment. The *Firm* will generally not provide any feedback to the client on how a particular proxy was voted.

Requirements for State-Registered Advisers As a sole proprietorship, P. C. Arnold, Jr. is both the principal management person and the Investment Adviser Representative. Mr. Arnold's education, background, and other required information is contained in the following Supplement to this *Brochure*.

SUPPLEMENT

Form ADV, Part 2B

REGISTERED INVESTMENT ADVISER REPRESENTATIVE

This Supplement to the Registered Investment Adviser *Brochure* provides information about Perry Charles Arnold, Jr. the Representative for the firm of Perry Charles Arnold, Jr., a sole proprietorship doing business as **Arnold Financial Planning**. The entire *Brochure* should be included with this Supplement. Please contact Mr. Arnold if you did not receive the entire *Brochure* or if you have any questions about the contents of this Supplement.

Additional information about Perry Charles Arnold, Jr. is available on the Internet at:

http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_OrgSearch.aspx

You can search this site by a unique identifying number, known as a CRD number. The CRD number for Perry Charles Arnold, Jr. is 122972.

Educational Background and Business Experience

Name: Perry Charles Arnold, Jr.

Date of Birth: August 22, 1944

Education: B.S. Business Administration, Accounting Major
Wayne State University, 1968

M.S. Information Systems
University of Colorado at Denver, 1992

Certificate – Personal Financial Planning
Metropolitan State College of Denver, 2001

Professional: CPA - Certified Public Accountant, 1970
Colorado License

CFP® - Certified Financial Planner™ Practitioner, 2002
Certified Financial Planner Board of Standards Inc.

Business Background: Manager – Division Retirement, Payroll, & Accounting Systems
The Kroger Co. 1991-2002

Controller
Various Public (SEC Registered) & Private Companies 1979-1991

Director of Internal Auditing
CBI Industries, Inc. 1974-1979

Auditing & Consulting
Doeren, Mayhew Certified Public Accountants 1968-1974

Other Information

Disciplinary Information Mr. Arnold has no disciplinary events to disclose such as a criminal or civil action involving investments or an investment related business, administrative proceedings before the SEC, or self-regulatory organizations such as the Certified Financial Planner Board of Standards or the American Institute of Certified Public Accountants.

Other Business Activities Mr. Arnold has no other financial industry business activities. He is a member and officer of Holistic Concepts, LLC, a retailer of health supplements. Participation in this business is not Mr. Arnold's primary source of income.

Additional Compensation Mr. Arnold receives no other compensation for investment advisory services outside of those outlined for the Firm in this Brochure under *Fees and Compensation*.

Investment Advice and Supervision As a sole proprietorship, investment advice is self-supervised and formulated in accordance with the *Methods of Analysis, Investment Strategies, and Risk of Loss* outlined for the Firm in this Brochure.

Financial Information Mr. Arnold has not been the subject of a bankruptcy petition at any time during the past ten years.

Requirements for State-Registered Advisers Mr. Arnold has not been involved in an arbitration award or found liable in a civil, self-regulatory organization, or administrative proceeding involving an investment activity, fraud, theft, bribery, unethical practices or similar events.

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