

# Fiscal Fitness, LLC

A State of Wisconsin Registered Investment Adviser

## Form ADV Part 2

January 28, 2020

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Verona, WI 53593  
608-848-1133

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

This brochure provides information about the qualifications and business practices of Fiscal Fitness, LLC. If you have any questions about the contents of this brochure, please contact us at 608-848-1133 or [contactus@fiscalfitnessmadison.com](mailto:contactus@fiscalfitnessmadison.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. While the firm and its personnel are registered with the State of Wisconsin, it does not imply a certain level of skill or training on the part of the firm or its personnel.

Additional information about Fiscal Fitness, 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 number, 140148.

## **Material Changes**

Hourly rate increase from \$220/hour to \$250/hour.

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## **Section 1 - Advisory Business**

Fiscal Fitness LLC was organized in 2005 and has been registered with the State of Wisconsin Department of Financial Institutions, Division of Securities, as a Registered Investment Adviser firm since 2007. Kathy Hankard is 100% owner and principal of the firm.

We provide fee-only, as-needed financial planning and investment advice services to individuals and families from all walks of life. These services may be general in nature or focused on a particular area of interest or need, depending on each client's unique circumstances.

An estimated 45% of our activities involve providing investment advice, which may include advice on asset allocation and investment selection, and an estimated 50% of our activities involve providing financial advice, which may include advice on income and expense planning, debt planning, tax planning, insurance planning, estate planning, retirement planning and education planning. The remaining 5% of our activities may include other services such as educational seminars.

The first step in our process is gathering information about the prospective client's ("the prospect") personal financial situation, via a confidential questionnaire. Then, we conduct an initial interview to further explore the prospect's specific needs and objectives. At the close of this initial interview, if we feel our services could help the prospect, we provide the prospect with a proposal for our services.

If the prospect chooses to engage us, they are asked to provide various data needed to analyze their situation, such as tax returns and account statements. We also may have them complete a risk tolerance questionnaire. We then prepare analyses of their current situation, and possible future scenarios when appropriate. If investment advice is part of the scope of service, we determine a proper asset allocation based on the client's personal financial situation, and recommend specific investments to implement the asset allocation. (We recommend that the portfolio be maintained by rebalancing about annually and/or making adjustments as needed.)

When the analyses (the "project") are complete, we present them to the client, along with a written summary. The summary explains the significant observations, assumptions, and recommendations.

The engagement is concluded upon completion of this presentation. The client may re-engage us as needed. Periodic reviews are recommended and it is the client's responsibility to initiate these reviews.

## **Section 2 – Fees and Compensation**

Fiscal Fitness, LLC charges fees on a fee-only, hourly or project basis. Fees for financial planning and investment advice services are \$250 per hour. We generally charge fixed fees that are based on our hourly rate multiplied by the approximate number of hours that are anticipated to provide the requested service. Fees are negotiable in that Fiscal Fitness, LLC may offer services on a pro-bono or reduced fee basis in certain situations.

We require a deposit for engagements in the amount of the lesser of \$500 or one-half of the total estimated fee. The balance of fees due is payable immediately upon presentation of the advice to the client. Fees will not be collected for services to be performed six months or more in advance and in excess of \$500. For each engagement, proposed services and an estimated fee range are detailed in the written service agreement. Either party may terminate an engagement upon written notice within five days of signing the service agreement, at which time no fees are due. If the client terminates the engagement after this date, the client is responsible for any fees already incurred.

In connection with using our services, the client may also incur separate fees and expenses that are charged by mutual funds and/or exchange traded funds (ETFs). We recommend that the client review the investment prospectus for a complete explanation of these fees and expenses. In addition, the client may also incur separate transaction costs or administration fees from brokerage firms. We recommend that the client obtain a complete schedule of fees from their brokerage firm. We do not receive any portion of these other fees. We do not receive commissions or third-party payments of any kind. The only compensation we receive is in the form of fees paid directly by the client.

### **Section 3 – Performance-Based Fees and Side-By-Side Management**

Fiscal Fitness, LLC does not charge fees based on a share of capital appreciation of the funds of an advisory contract, also known as performance-based fees. We also do not provide ongoing investment management services, so issues related to side-by-side management are not applicable.

### **Section 4 – Types of Clients**

Fiscal Fitness, LLC provides its services primarily to individuals, couples, and families. We also may service small businesses, for example, advice on employer retirement plans. We do not require minimums as to income, assets, net worth, length of engagement, revenues generated, or other conditions for engaging our services.

### **Section 5 – Methods of Analysis, Investment Strategies, and Risk of Loss**

If Fiscal Fitness, LLC is engaged to provide investment advice, we follow the process described above in Section 1: we gather initial information about the client's personal financial situation, conduct a meeting with the client to clarify the client's information and determine the client's specific needs, objectives, and tolerance for risk. We collect additional data (e.g. account statements) and perform analyses.

We employ a fundamental, long-term, buy-and-hold philosophy in regards to investment advice. We favor a passive approach to investing. We recommend a proper asset allocation based on the client's personal financial situation. We make asset allocation and investment policy decisions using our best judgment to help the client achieve their overall financial objectives and goals while minimizing risk exposure. We believe that the appropriate allocation of assets across diverse investment categories (i.e. stock vs. bond, foreign vs. domestic, large cap. vs. small cap., high quality vs. high yield, etc.) is the primary determinant of portfolio returns and is critical to the long-term success of a client's financial objectives and goals. Then, we recommend specific investments, primarily low-cost, no-load, index investments, to implement the recommended asset allocation. We recommend that the portfolio be maintained by rebalancing about annually and/or making adjustments as needed.

While we believe our investment strategy is designed to potentially produce the highest possible return for a given level of risk, it cannot guarantee that an investment objective or goal will be achieved. Some investment decisions made by us may result in loss, which may include the original principal amount invested. The client must be able to bear the various risks involved in investing, which may include market risk, liquidity risk, interest rate risk, currency risk or political risk, among others.

Low-cost, no-load, index investments have the potential to be affected by tracking error risk, defined as a deviation from the stated benchmark index.

## **Section 6 – Disciplinary Information**

Neither Fiscal Fitness, LLC nor any of its personnel have been the subject of a reportable legal or disciplinary event.

## **Section 7 – Other Financial Industry Activities and Affiliations**

The policies of Fiscal Fitness, LLC require that we conduct business activities in a manner that avoids actual or potential conflicts of interest between the firm, personnel and the client, or that may otherwise be contrary to law. We will provide disclosure to the client, prior to and throughout the term of an engagement, of any conflicts of interest which will or may reasonably compromise our impartiality or independence.

Fiscal Fitness, LLC is a member of the Garrett Planning Network (GPN), a nationwide network of professional, fee-only financial advisors. GPN members are dedicated to providing competent, unbiased financial advice to people from all walks of life. This group of independent financial planners supports each other through the sharing of technical, operational and marketing information. Our clients have no direct contact with GPN. Prospective clients may be referred to us by Garrett Planning Network's website, [www.garrettplanningnetwork.com](http://www.garrettplanningnetwork.com). Fiscal Fitness, LLC pays membership fees to GPN but nothing is paid to GPN for client referrals. Clients referred by GPN do not pay more for our services than other clients.

Fiscal Fitness, LLC is a member of the National Association of Personal Financial Advisors (NAPFA), a nationwide network of professional, fee-only financial advisors. NAPFA members must be fee-only. Our clients have no direct contact with NAPFA. Prospective clients may be referred to us by NAPFA's website, [www.napfa.org](http://www.napfa.org). Fiscal Fitness, LLC pays membership fees to NAPFA but nothing is paid to NAPFA for client referrals. Clients referred by NAPFA do not pay more for our services than other clients.

## **Section 8 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

Fiscal Fitness, LLC has adopted a code of ethics that sets forth the basic policies of ethical conduct for all associated persons of the firm. We accept the obligation not only to comply with the mandates and requirements of all applicable laws and regulation, but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. We will be happy to provide a copy of our code of ethics to any client or prospective client, upon request. Neither Fiscal Fitness, LLC nor any of its personnel are authorized to recommend or effect a transaction for a client involving any security in which the firm or a related party has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc. Additionally, we are prohibited from borrowing from or lending to a client, unless that client is an approved financial institution or is an immediate family member. In such instances, authorization for the loan must be granted in advance and documented in writing.

At times personnel and related parties may hold positions in investments that are also recommended to the client. We may make recommendations or take actions with respect to investments that may differ in the nature or timing from recommendations made to, or actions taken for, other clients or personnel. However, at no time will the personnel or any related party receive preferential treatment over the client.

## **Section 9 – Brokerage Practices**

Fiscal Fitness, LLC is not affiliated with any bank, custodian or brokerage firm. If we are engaged to provide investment advice, we will generally offer to use the service provider with whom the client's assets are currently maintained. If the client prefers to use a new service provider, we will recommend one based on the need, overall cost and ease of use for the client.

Our policy is to restrict any non-cash compensation, or soft dollars, that we may receive from a service provider to only that which enhances our ability to render quality advice and service to the client. Although we may recommend one or more service providers to the client, we derive no special benefit from doing so, nor do we "pay up" to receive additional services.

The only compensation we receive is in the form of fees paid directly by the client. Therefore, we do not receive any additional compensation when the client engages a recommended brokerage firm or other service provider.

We do not require or engage in directed brokerage involving our accounts. We recognize our obligation in seeking "best execution" for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost, but whether the selected service provider's transactions represent the best qualitative execution while also taking into consideration the full range of services provided. Therefore, we will seek services involving competitive rates, but that may not correlate to the lowest possible rate for every transaction. We periodically review our policies regarding recommending service providers, in light of our duty to seek "best execution".

## **Section 10 – Review of Accounts**

Fiscal Fitness, LLC does not provide continuous monitoring of its financial planning and investment advice services. Periodic reviews are recommended and it is the client's responsibility to initiate these reviews. We encourage the client to notify us of any changes to their personal financial situation.

## **Section 11 – Client Referrals and Other Compensation**

Fiscal Fitness, LLC does not receive, nor does it pay, any fees for client referrals.

## **Section 12 - Custody**

Fiscal Fitness, LLC does not take custody of client cash, bank accounts or securities. The client's cash, bank accounts and securities will be maintained by unaffiliated, qualified custodians, such as banks, brokerage firms, mutual fund companies and transfer agents. The client will receive account statements directly from their service provider. These statements are typically provided on a monthly or quarterly basis or as account transactions occur.

We will not ask for, nor accept, any of the client's account access information, such as user name and/or password, even for the accommodation of the client or the client's legal agent.

Firm personnel will not act as trustee for, or have full power of attorney over, a client account, unless as a co-trustee of a direct family member.

## **Section 13 – Investment Discretion**

Fiscal Fitness, LLC does not provide discretionary investment management services, so issues related to investment discretion are not applicable.

## **Section 14 – Voting Client Securities**

Fiscal Fitness, LLC does not vote client securities. The client will maintain responsibility for directing the manner in which proxies are voted, as well as all other elections relative to mergers, acquisitions, tender offers or other events pertaining to the client's investments. The client will receive their proxies and other solicitations directly from the custodian or transfer agent for their investments.

## **Section 15 – Financial Information**

Due to the nature of our services, an audited balance sheet is not required, nor included in this disclosure document. Fiscal Fitness, LLC does not have any financial conditions that require further disclosure.

## **Part 2A Appendix 1 – Wrap Fee Program Brochure (Not Applicable)**

Fiscal Fitness, LLC does not sponsor a wrap fee program, so issues related to a wrap fee program are not applicable.



# Fiscal Fitness, LLC

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## Form ADV Part 2B – Brochure Supplement (Advisory Personnel)

January 21, 2020

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This brochure supplement provides information about Kathy Hankard that supplements the Fiscal Fitness, LLC brochure. You should have received a copy of that brochure. Please contact Kathy Hankard at 608-848-1133 or [kathy@fiscalfitnessmadison.com](mailto:kathy@fiscalfitnessmadison.com) if you did not receive Fiscal Fitness, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Kathy Hankard 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 Representative (IAR)" using "Kathy Hankard".

## **Educational Background and Business Experience**

**Name:** Kathy Hankard, CFP®, RICP

**Title:** Principal

**Year of Birth:** 1965

**Education:** Certificate in Financial Planning, College for Financial Planning, 2005  
Retirement Income Certified Professional, American College for Financial Services, 2017  
BS in Electrical and Computer Engineering, University of Wisconsin-Madison, 1989

**Experience:** Fiscal Fitness, LLC, Verona, WI  
Principal, Financial Planner, 2006 – present

Touchstone Financial Planning, LLC, Madison, WI  
Financial Planning Assistant, 2004 - 2005

Hankard Environmental, Inc., Littleton, CO  
Manager, SIMPLE-IRA retirement plan, 1998 - present

Verona Business Suites, LLC, Verona, WI  
Property Management, 1996 - present

## **CFP® Certification Requirements**

**Education:** CFP® professionals must develop their theoretical and practical financial planning knowledge by completing a comprehensive course of study at a college or university offering a financial planning curriculum approved by CFP Board. Other options for satisfying the education component include submitting a transcript review or previous financial planning-related course work to CFP Board for review and credit, or showing the attainment of certain professional designations or academic degrees.

**Examination:** CFP® practitioners must pass a comprehensive two-day, 10-hour CFP® Certification Examination that tests their ability to apply financial planning knowledge in an integrated format. Based on regular research of what planners do, the exam covers the financial planning process, tax planning, employee benefits and retirement planning, estate planning, investment management and insurance.

**Experience:** CFP® professionals must have three years minimum experience in the financial planning process prior to earning the right to use the CFP® certification marks. As a result, CFP® practitioners possess financial counseling skills in addition to financial planning knowledge.

**Ethics:** As a final step to certification, CFP® practitioners agree to abide by a strict code of professional conduct, known as CFP Board's Code of Ethics and Professional Responsibility, that sets forth their ethical responsibilities to the public, clients and employers. CFP Board also performs a background check during this process, and each individual must disclose any investigations or legal proceedings related to their professional or business conduct.

Once certified, CFP® practitioners are required to maintain technical competence and fulfill ethical obligations. Every two years, they must complete a minimum 30 hours of continuing education to stay current with developments in the financial planning profession and better serve clients. Two of these hours are spent studying or discussing CFP Board's Code of Ethics or Practice Standards. In addition to the biennial continuing education requirement, all CFP® practitioners voluntarily disclose any public, civil, criminal or disciplinary actions that may have been taken against them during the previous two years as part of the renewal process.

### **Disciplinary Information**

Neither Fiscal Fitness, LLC nor any of its personnel have been the subject of a reportable legal or disciplinary event.

### **Other Business Activities**

We concentrate the majority of our time and effort on providing financial planning and advice, which includes investment advice. Other activities may include speaking or writing on personal finance topics, on a free or fee basis. Any newsletters produced will be free of charge.

### **Additional Compensation**

Neither Fiscal Fitness, LLC nor any of its personnel accept or receive additional economic benefit (i.e. sales awards or other prizes) for providing advisory services to clients.

### **Supervision**

Kathy Hankard serves in multiple capacities for Fiscal Fitness, LLC: Managing Member, Principal, Financial Planner and Investment Adviser Representative (IAR). We recognize that the lack of segregation of duties may potentially create conflicts of interest. However, we employ policies and procedures to ensure timely and accurate recordkeeping and supervision, including outsourcing certain functions to qualified entities to assist in these efforts when necessary.

Questions about Fiscal Fitness, LLC, its personnel, its services or this document may be posed to Kathy Hankard at 608-848-1133 or [contactus@fiscalfitnessmadison.com](mailto:contactus@fiscalfitnessmadison.com).