

# **Form ADV - Part 2A - Firm Brochure**

January 14, 2023



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Collinsville, Illinois 62234-3019  
(618) 344-1809**

## **Investment Adviser Disclosure**

This Brochure provides information about the qualifications and business practices of DesPain Investment Solutions, Ltd. [“Adviser”]. If you have any questions about the contents of this Brochure, please contact us at 618-344-1809 or [don@despainfinancial.com](mailto:don@despainfinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

DesPain Investment Solutions, Ltd. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated September 15, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Donald H. DesPain, President at (618) 344-1809 or [don@despainfinancial.com](mailto:don@despainfinancial.com).

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## **Item 4 - Advisory Business**

DesPain Investment Solutions, Ltd., is a Registered Investment Adviser in the State of Illinois, specializing in comprehensive retirement planning. Since 1995, we have provided sound financial planning tailored to your individual needs. We believe each of our clients has their own unique circumstances and that we must fully understand your financial goals before any recommendations are made.

In 1988, Donald H. DesPain, MS, CFP™, Principal Owner and President, received The Certified Financial Planning (CFP™) designation. In addition, he holds a Master of Science specializing in comprehensive retirement planning.

The financial management services offered by the company include financial planning and portfolio management.

### **Financial Planning**

DesPain Investment Solutions, Ltd. offers financial planning to clients in which information will be obtained through personal interviews with each client, taking into account the client's current financial status, future goals and attitudes towards risk. The Adviser will focus on such areas as; goals and objectives, cash flow analysis, risk management, portfolio analysis, retirement and pension plan analysis, tax forecasting and/or estate planning. Related documents supplied by the client are carefully reviewed, along with data gathered from the client. Depending on the client's specific needs and desires, some or all of these areas will be addressed in the plan, which may be presented orally or in writing. The Adviser may employ computer software packages procured from third parties in an attempt to better formulate and communicate the client's present position and goals.

For a full written financial plan, the charges are at a rate of \$150 per hour unless agreed upon otherwise between the Adviser and the client, which will be quoted prior to the contract being executed. A quote of *estimated* time involved will be given to the client upon contracting for that particular service.

Typically, a comprehensive plan will cost between \$1200 (8 hours) and \$2,250 (15 hours) and the scope of the plan will vary according to the detail of the client's holdings. Fees may be negotiable where special circumstances exist. Clients are requested to deposit one half of the estimated fee, at the time of entering into the agreement. Clients are given up to five days after signing the Advisory Agreement and receiving a copy of Form ADV Part 2A to unconditionally rescind the contract. In no case are fees collected more than six months in advance.

The Adviser will, upon client's request, continue to be available for the implementation of the client's financial plan, any subsequent evaluation, analysis function, or investment related advice. Annual updates may also be provided upon contracting with the client. The rate per hour will be the rate charged at that time. It is recommended due to changes in tax laws, assumptions and other life changing situations that the plan be updated on at least an annual basis.

Clients not in need of a full financial plan but rather advice in one or more planning areas or on specific securities issues will be charged an hourly rate of \$150.

### **Portfolio Management**

DesPain Investment Solutions, Ltd will invest and manage, on a continuous basis, the client's securities portfolio. As of January 14, 2022, all of client assets through DesPain Investment Solutions, Ltd. are managed on a non-discretionary basis.

Prior to the commencement of the investment process, the Adviser will consult with the client to obtain detailed financial information and other pertinent data to enable the Adviser to determine the appropriate investment guidelines, risk tolerance and other factors that will assist the Adviser in ascertaining the suitability of the client's account. Investments will be determined based upon the client's investment objectives, risk tolerance, net worth, net income and other various suitability factors.

The Investment Adviser offers advice on the following: 1) Investment company securities including mutual fund shares, exchange-traded funds, variable annuities and variable life insurance, 2) Exchange-listed securities, 3) Securities traded over-the-counter, 4) Corporate debt securities (other than commercial paper), 5) Certificates of deposit, 6) Municipal securities and 7) United States government securities.

The Adviser offers portfolios, ranging from moderately aggressive to conservative, designed to meet the varying needs of the investor. A portfolio will be selected best suited to fit the client's needs after objectives, risk tolerance and time horizons have been defined. All such investments are considered to be long term in nature and should be judged over at least a full market cycle. The Adviser will make no attempt to time any market, and investors should expect to remain fully invested in their selected asset allocation plan at all times. Clients may impose restrictions on investing in certain securities or types of securities.

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

The Adviser provides both financial planning and investment management services. As described elsewhere in this document, a variety of compensation structures are available to address most clients' needs. The fees charged on the client's accounts are based on a percentage of the assets under management. Generally, fees are deducted from clients' assets, however the client is also able to be billed directly.

Fees are payable quarterly in advance and computed at the date the monies are placed in the custodial account and at the beginning of each quarter thereafter. Subject to negotiation in accordance with the individual requirements of each client, the annual fee as set forth below:

<b><u>Account Size</u></b>	<b><u>Annual Fee</u></b>
\$ 25,000 - \$ 100,000	1.50%
\$ 100,001 - \$ 250,000	1.25%
\$ 250,001 & over	1.00%

All fees paid to the Adviser are separate and distinct from the fees and expenses charged by the investment option. Accordingly, the client should review both the fees of the investment option as well as the fees charged by the adviser to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Adviser's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to the Adviser's fee, and DesPain Investment Solutions, Ltd shall not receive any portion of these commissions, fees, and costs.

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

DesPain Investment Solutions, Ltd. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

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

Generally, the Adviser provides investment advice to individuals, retirement plans, trust accounts and corporations or other business entities. Those clients requesting portfolio management services, as described above, generally must meet a minimum investment amount of \$25,000.

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

The Adviser's security analysis methods are both fundamental and technical. The main sources of information the investment adviser uses are: 1) Financial newspapers, magazines and websites 2) Research materials prepared by others, 3) Corporate rating services and 4) Annual reports, prospectuses and filings with the Securities and Exchange Commission. The investment strategies used to implement investment advice given to clients include both long-term and short-term purchases.

Investing in securities involves risk of loss that clients should be prepared to bear.

## **Item 9 - Disciplinary Information**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of DesPain Investment Solutions, Ltd. or the integrity of Adviser's management. The Adviser has no information applicable to this Item.

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

The Adviser has arrangements that are material to its advisory business or its clients with a related person, namely Saxony Securities. When appropriate, the Adviser refers clients to Don DesPain, dba DesPain Financial Corporation, who in turn pays the Adviser a referral fee.

This arrangement may create a conflict of interest with clients. However, the Adviser refers clients to Saxony Securities on the basis of the experience and investment philosophy, their track record and the fact that their commission schedule is competitive and commensurate with the services provided.

Neither the investment adviser, Saxony Securities or Don DesPain, is a general partner in any partnership in which clients are solicited to invest. The Adviser may invest in the same securities that are recommended to clients. The Adviser does not believe this constitutes a conflict of interest.

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

Maintaining the highest ethical standards is a guiding principle of DesPain Investment Solutions, Ltd. Our Code of Ethics reflects the commitment of the Adviser to help clients achieve their life goals. Upon request, a copy of our Code of Ethics will be provided to all clients and prospective clients.

Code of ethics is an expression of the financial planning profession's recognition of its responsibilities to the public, to clients, to colleagues, and to employers. There are seven principles that provide guidance to financial planners in the performance of their professional services. The principles include Integrity, Objectivity, Competence, Fairness, Confidentiality, Professionalism and Diligence.

DesPain Investment Solutions, Ltd. does not recommend to clients securities in which the Adviser has a material financial interest.

## **Item 12 - Brokerage Practices**

DesPain Investment Solutions, Ltd. uses the following factors in selecting broker-dealers for client transactions:

- Client services (including communication, access to information and product availability)

- Commission structure and competitive rates

- SIPC insurance and excess SIPC insurance

- Reputation

- Custodial and transfer services and rates

- Access to fixed income trading

- The availability of no-load mutual funds

- Other services that allow the Adviser to provide efficient investment advisory services to clients.

The Adviser has no brokerage arrangements from which it receives "soft dollar" benefits. DesPain Investment Solutions, Ltd. does not participate in client directed brokerage arrangements.

As noted in Item 10 above, the Adviser does receive referral fees from DesPain Financial Corporation. The Adviser may have an incentive to select a broker based on interest in receiving client referrals, rather than on the client's interest in receiving the most favorable execution. In the last fiscal year, the Adviser directed client transactions to DesPain Financial Corporation only after potential conflicts of interest were disclosed.



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

### **Financial Planning**

If agreed to by the client, the Adviser will review the client's financial plan on an annual basis. These reviews will basically consist of information updates. The exact nature and frequency of the reports given to clients will be determined on a case-by-case basis.

### **Portfolio Management**

Security portfolios with the Advisor will be monitored on an ongoing basis. Periodic changes in the investments selected may be made to assure the highest possible standards of management. Changes may also be made to maintain proper asset allocation. The client will receive written confirmations of all transactions in their account, as well as periodic statements from the trustee or custodian.

The client is encouraged to notify the Adviser if changes occur in his or her personal financial situation which might adversely affect the investment plan. The Adviser will similarly monitor the client's plans in order to make timely changes where deemed advisable.

The number of reviewers will be equal to the number of persons that perform financial planning or investment advisory functions for the particular client. Their titles, functions, instructions received and number of accounts assigned will vary.

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

Other than that mentioned in "Financial Industry Activities and Affiliations" the Adviser does not have any arrangements, oral or in writing, where it is paid in cash by, or receives some economic benefit from a non-client in connection with giving advice to clients.

## **Item 15 - Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. DesPain Investment Solutions, Ltd. urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 - Investment Discretion**

The Adviser requests written authority in the form of a limited power of attorney to trade in clients' accounts. This gives the Adviser the authority to make trades and deduct fees from clients' accounts.

However, DesPain Investment Solutions, Ltd. works on a non-discretionary basis with all clients. Trades are discussed for client approval before they are made. When selecting securities and determining amounts for recommendations, the Adviser observes the investment policies, limitations and restrictions of the clients for which it advises.

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

As a matter of firm policy and practice, DesPain Investment Solutions, Ltd. does not have any authority to and does not vote proxies on behalf of advisory clients. Clients will receive their proxies directly from their custodian. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. The Adviser may provide advice to clients regarding voting of their proxies.

## **Item 18 - Financial Information**

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about the Adviser's financial condition. DesPain Investment Solutions, Ltd. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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

All required information in this section has been provided elsewhere on Form ADV.