

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of Fee Only Planning NC. If you have any questions about the contents of this brochure, please contact us at 919-341-0277, or steve@feeonlyplanningnc.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.

Additional information about Fee Only Planning NC is also available on the SEC's website as www.adviserinfo.sec.gov.

Item 2 Material Changes

Initial Document

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Item 4 Advisory Business

Fee Only Planning NC (FOPNC) is a registered investment advisor that began operations in July 2011. FOPNC provides financial planning, investment monitoring, and investment advisory services to individuals, corporations and non-profit organizations. The firm is organized as a North Carolina Limited Liability Company. FOPNC is wholly owned by Steve Gaito

FOPNC primarily provides hourly and fixed fee financial planning services. FOPNC may also advise and monitor assets supplied by clients for a fixed fee on an ongoing basis. Finally, FOPNC may for a fee provide assistance in selection and monitoring of assets managed by a third party. FOPNC will assist in determining risk tolerance and asset allocation of clients based on information provided by clients. FOPNC may also provide commentary on economy and market conditions that may have an impact on client's goals.

FOPNC offers advisory services to qualified retirement plan sponsors in the form of ongoing monitoring of the investment choices available within an employee-directed retirement plan such as a 401(k) or 403(b). Advisory services provided to these plans include investment manager search, ongoing manager monitoring and review, and support of the participant education process. FOPNC advisory fees do not include custodial services, Third Party Administration, record-keeping, trading or other transaction-based fees.

FOPNC also offers consulting services to individuals to assist with one-time or non-discretionary decisions regarding an investment or portfolio decisions at a fixed hourly rate.

FOPNC does not manage any client assets as of July 2011.

Item 5 Fees and Compensation

FOPNC is only compensated by either an hourly fee or a fixed fee for services. All fees are agreed upon in advance and typically billed at completion or some agreed to frequency. The standard rate of hourly service is \$250 per hour. This may be discounted based on a group discount or existing personal or professional relationship.

A description of all fees charged by FOPNC is provided in a client's written agreement with FOPNC. For new clients, FOPNC will bill its fees after the plan and/or recommendations have been delivered. For existing clients, FOPNC generates bills on a weekly basis to clients who have had work completed in the previous weeks. Projects spanning over a longer period of time will generally be billed monthly. These clients are charged by actual time worked, billed at the appropriate hourly rate. A few clients are billed a set fee on a regular basis. All monitoring services will be billed on a basis agreed to by the client.

Our regular hourly rate is currently \$250 per hour, but may vary due to the following reasons:

- Any clients in our employer discount program will be charged at \$200 per hour.
- Referrals from other professionals will be charged \$200 per hour
- Some relatives receive a discounted rate.
- There may be a discount for monitoring services based on length of time of engagement.

Hourly fees are billed in fifteen-minute increments. Project fees are based upon the time and complexity of the desired services. FOPNC may require a non-refundable deposit for lengthy or complicated plans. Otherwise fees are generally due upon delivery of the services. All fees and methods of payments are agreed upon at the time of engagement.

Consultation services may be immediately terminated upon written notice by either party within five days of signature on the client agreements and no fee will be due. Thereafter, the Client will only be invoiced for time incurred by the Advisor up until the date of termination and the decision to invoice is at the discretion of the Advisor. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

All fees are subject to the Advisor's discretion.

All fees paid to FOPNC for advisory services are separate from fees of brokerage commissions, transaction fees, and other related costs and expenses which may 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 FOPNC's fee. FOPNC receives no portion of these or other commissions, fees, and costs. FOPNC receives no compensation based on product sale or recommendations. Clients have the option to purchase investment products that we may recommend through any broker of their choice, including any agents that are not affiliated with us. FOPNC offers no broker services. Item 12 further describes the factors that FOPNC considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

FOPNC may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although the Registrant may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. The Registrant is independently owned and operated and not affiliated with Schwab.

Assets where Schwab is custodian is for convenience of the client and execution of transactions will only be at the client's direction.

DISCRETIONARY MANAGEMENT

FOPNC does not engage in discretionary management of client assets.

Not Applicable

Item 7 Types of *Clients*

FOPNC provides consulting services to individuals, corporations, non-profits, and retirement plans
Details on client fees are disclosed within Item 5, Fees and Compensation.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

FOPNC begins the financial planning process by defining a client's long-term objectives for the financial plan. Considerations in determining the client's unique plan are:

- Goals and objectives
- Current and anticipated income needs
- Tax status
- Cost basis of current holdings
- Special needs
- Risk tolerance
- Investment time horizon
- Financial/estate plan

FOPNC measures investors goals, risk tolerance and time horizon through an interview process and questionnaires in an effort to determine investment strategies or a financial plan that, according to the Advisors' judgment, are best suited to fit the Client's needs. In providing its financial planning services, FOPNC looks to the long-term. After FOPNC evaluates the Client's financial needs, the Advisor will design investment and risk management strategies to help the Client address his or her financial goals.

We consider your investment accounts as a single integrated portfolio. We make recommendations to diversify the portfolio across several asset classes. Tax efficiency is important but is not the sole consideration in developing a strategy. Finally, we pay close attention to investment expenses and numerous other factors related to individual investment selection. Since FOPNC believes that risk reduction is a key element to long-term investment success, asset allocation principles are a key part of the firm's overall approach in preparing advice for Clients

Excluding retirement plan investment options, we generally recommend no-load mutual funds or Exchange-Traded Funds (ETF's) that represent either an index or managed portfolio of individual securities diversified within the target asset class or advice on a Separately Managed Account to meet the client's objectives. The criteria we use in evaluating investment choices are

expenses, performance, turnover ratio, capture ratio, tenure of manager, and market capitalization. We utilize unbiased resources to assist with our decisions such as Morningstar. FOPNC also utilizes many sources of public information to include financial news and research materials.

Investing in securities involves risk of loss that clients should be prepared to bear. FOPNC does not guarantee any performance or results.

We may provide regular monitoring of asset allocation with the scope of frequency determined by the client to assist the client in rebalancing of portfolios. Periodic rebalancing is a disciplined way to, over time, sell (relatively) high and buy (relatively) low and maintain the portfolio risk profile. Depending on the client's individual circumstances, we may encourage more frequent review and rebalancing. Additionally, in environments with high volatility, we may encourage clients to seek advice on rebalancing their accounts. We will not rebalance the accounts for them.

Item 9 Disciplinary Information

No legal or disciplinary matters to report.

Item 10 Other Financial Industry Activities and Affiliations

FOPNC is engaged in fee-only hourly financial planning. FOPNC may conduct seminars on financial planning or budgeting. FOPNC may provide advisory services to other financial advisory firms on a sub-contractual basis or on an as needed basis for their clients. FOPNC does not refer clients to other Investment Advisory Firms in return for a fee. Referrals may be provided only as a service to clients and as requested by clients, but we receive no compensation from the Advisory Firm. FOPNC does have professional relationships with other third parties but receives no direct monetary compensation from any third party. FOPNC may, from time to time, receive small non cash gifts from third parties in the course of normal business dealings. However, FOPNC has made arrangements for clients to receive discounted services from some of these third parties. For example, FOPNC does not manage or custody any money, so we have made an arrangement with Schwab Institutional Services to assist clients with custodial services if they wish. This was developed solely for the benefit of the client and FOPNC receives no compensation. It is completely at the client's discretion whether to utilize this arrangement with Schwab, maintain their current custodian or choose another custodial firm. It is not a requirement of being a FOPNC client to use any particular custodian. Examples of other third parties would include broker dealers, investment companies, mutual funds, banking institutions, insurance agencies, accounting firms, law firms, real estate brokers, pension consultants, and other investment advisors. Some of our clients may also work for one of these third parties.

All information provided by clients to FOPNC and information and advice furnished by FOPNC to clients, shall be treated as confidential and not disclosed to non affiliated third parties, except as permitted by clients or as required by regulation or Law of any regulatory or self-regulatory organization to which FOPNC or its associated persons may be subject. Former clients receive the same privacy protection as current clients. Clients are welcome to contact FOPNC with any questions or concerns relating to privacy.

FOPNC has a Code of Conduct and Ethical Behavior (the Code) for its investment advisors. The Code is based on the principal that FOPNC's investment advisors have a fiduciary duty to place the interest of clients ahead of their own. FOPNC's investment advisors must avoid activities, interests, and relationships that might interfere with making decisions in the best interests of clients. A copy of the Code is available to any client or prospective client upon request.

FOPNC may recommend Schwab for setting up accounts as a convenience only option for holding assets, but will also work with any broker/dealer of the clients choosing. We will also help evaluate the cost and benefits of each relationship. Ultimately the decision of where to custody the clients accounts is solely the clients. FOPNC does not receive any commission, soft dollars, or client referrals from a particular broker-dealer.

FOPNC permits clients to choose the direct brokerage of their choice. Clients understand that it is their decision which broker-dealer to use and that they may be charged more money by not being in an aggregated account that allows for purchase of institutional shares.

Schwab Advisor Services also makes available to FOPNC other products and services that benefit FOPNC but do not directly benefit its clients' accounts. Schwab's products and services that assist FOPNC in monitoring clients' accounts include software and other technology that:

- (1) Provide access to client account data.
- (2) Provide research, pricing and other market data.
- (3) Facilitate payment of FOPNC's fees from its clients' accounts.
- (4) Assist with back-office functions, recordkeeping and client reporting such as account statements.

Schwab Advisor Services also offers other services intended to help FOPNC manage and further develop its business practice. These services include:

- (1) Compliance, legal and business consulting.
- (2) Publications and conferences on practice management.
- (3) Access to employee benefits providers, human capital consultants and insurance providers.
- (4) Discounts on software to provide services to clients.

Schwab can make available, arrange and/or pay for third-party vendors for the types of services rendered to the registrant. While it is difficult to assign an exact dollar value of these services, FOPNC would otherwise have to purchase these services separately.

Because FOPNC receives services from Schwab through its normal course of business, FOPNC may have an incentive to recommend Schwab to clients versus other custodial relationships. FOPNC believes that the collective service model and performance that Schwab provides to registered investment advisors is superior to alternative choices and in the best interests of our clients.

Factors that FOPNC considers in selecting broker dealers or custodians who will hold client assets and/or execute transactions includes:

- (1) Combination of transaction execution services and asset custody services.
- (2) Capability to execute, clear and settle trades.
- (3) Capability to facilitate transfers and payments to and from accounts.
- (4) Breadth of available investment products.

- (5) Availability of investment research and tools to assist us in making investment decisions.
- (6) Quality of services.
- (7) Competitiveness of the price of those services (commission rates, fees, etc.).
- (8) Reputation, financial strength and stability.
- (9) Prior service experience to us and our clients.
- (10) Availability of other products and services to help our business model.

In return for executing securities transactions through Schwab and other select broker-dealers, FOPNC can receive certain investment research products and/or services which assist in the investment decision making process. These research services include information on securities markets, the economy, individual securities or investment managers, statistical information, risk measurement analysis and other appropriate research products and services. In some cases, research services can be generated by third parties but are provided to FOPNC through broker-dealers. While it is difficult to assign an exact dollar value of these services, they create efficiencies and reduce expenses at FOPNC.

Item 13 Review of Accounts

FOPNC focuses on providing financial planning services which may involve advice on income, cash flow management, retirement, financial independence, college funding, estate planning, investment portfolio issues, tax saving strategies, and risk management. These services are offered on an hourly or fixed fee project basis and terminate upon delivery of the plan/advice. The advice given may include the recommendation of annual reviews/updates and it would be the client's responsibility to initiate additional services as may be needed.

FOPNC also provides consultation services on an hourly or flat fee basis, depending on the complexity of services, and when done, no reviews of the account are performed, unless provided for under the terms of the engagement letter with the client. It is the client's responsibility to initiate additional services of FOPNC except where a quarterly monitoring service is selected. FOPNC will not perform a review of client accounts or financial plans unless the client initiates or requests a review. Clients receive standard account statements from investment sponsors and brokerage firms quarterly, monthly and as transactions occur, not from FOPNC. Clients engaging FOPNC for financial planning will only receive reports at the time of the plan presentation or a snapshot if engaged for follow-up services.

Item 14 Client Referrals and Other Compensation

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related possible conflicts of interest are described under Item 12, Brokerage Practices.

Item 15 Custody

FOPNC does not have custody of any client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. FOPNC urges clients to carefully review such statements.

Item 16 Investment Discretion

FOPNC does not accept or have any discretionary authority to manage securities accounts on behalf of clients

Item 17 Voting Client Securities

FOPNC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. FOPNC may provide advice to clients regarding the clients' voting of proxies.

Item 18 Financial Information

Registered investment advisors are required in this item to provide you with certain financial information or disclosures about FOPNC's financial condition. FOPNC 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

State registered investment advisors are required in this Item to identify the principal executive officer(s) and their background.

As the President and Founder of Fee Only Planning NC, LLC, Steven W. Gaito oversees the financial planning process and management of the firm. He spends the majority of his time serving existing clients, but also focuses his efforts towards serving new clients in a secondary role supporting and developing the FOPNC business model.

Prior to starting FOPNC, Steve worked as:

Registered Representative of LPL Financial, 2003 - 2011 where he provided Financial Planning, Asset Management, Advisory and Brokerage Services.

Quest Capital Strategies, Inc 2002 - 2003

Sr. Vice President of Camping for The YMCA of the Triangle 2001 - 2003

Sr. Financial Advisor with AIG VALIC 1993 - 2001

B.S. degree in Outdoor Recreation Management

Appalachian State University 1986

CERTIFIED FINANCIAL PLANNER™ practitioner 2005

Date of Birth November 1, 1963