

**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 Krempa Associates, Inc. and Krempa Associates, Inc. RIA. If you have any questions about the contents of this brochure, please contact us at (800) 243-1460 and/or e-mail us at [krempa@krempa.com](mailto:krempa@krempa.com). The information in the brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Krempa Associates, Inc. and Krempa Associates, Inc. RIA also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Krempa Associates, Inc. RIA is a Registered Investment Adviser. The term "Registered" does not imply a certain level of skill or training.

**Date of Form: May 5, 2022**

Item 2 Material Changes

Effective October 12, 2010 the Securities and Exchange Commission (SEC) amended the Part II of Form ADV to become the "New ADV Part 2". This amendment requires all investment advisers registered under the Investment Advisers Act of 1940 to provide all new and prospective clients with a brochure written in plain English. This update ensures that the information contained in the subsequent pages is current and accurate.

Effective January 1, 2016, Katie Burke has contracted with the firm to provide fee only financial planning services. Katie is a CFP and was a firm intern while earning her Bachelors of Science in Business Administration at Elon University.

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Item 4 Advisory Business

Krempa Associates, Inc and Krempa Associates, Inc. RIA are family owned businesses formed January 1, 1994. Generally these firms provide services in three areas - personal insurance services, investment management and financial planning. Services rendered through the RIA are portfolio management to 401(k) plans and secondly fee based comprehensive financial planning services. Krempa Associates, Inc. and Krempa Associates, Inc. RIA were formed by the merger of three independent businesses - Albert C. Krempa Jr., CLU®, ChFC®, CFS®, President, Financial Planner began the business in 1971, A. Charles Krempa, III, CFS®, AIF®, Vice President and Secretary, Financial Planner in 1989 and William T. Krempa, CFP®, CFS®, AIF®, Vice President and Treasurer, Chief Compliance Officer in 1990.

401(k) services are provided via an online platform which offers the participant the ability to individually manage their portfolio, or the opportunity to choose one of five managed portfolios offered to all 401(k) plans on the platform. As of the time of this filing, 401(k) plan assets do not exceed \$45 million.

Katie Burke provides financial planning services through E Money© Platform. Ongoing advice can be purchased on a monthly retainer for any specific concerns or needs.

Financial Planning services are provided on an hourly rate to the client. Experience and expertise is provided in a conflict free environment. Meaning no product solicitation can occur during a financial planning conversation. Planning services provided and not limited to: retirement, college funding, asset protection, asset allocation, divorce, marriage and budgeting.

On December 31, 2013, Albert C Krempa, Jr. retired and is no longer affiliated with the business operations.

## Item 5 Fees and Compensation

Krempa Associates, Inc. and Krempa Associates, Inc. RIA generally charges for its services in one of two ways: as a percentage of assets under management or on an hourly rate. Retainer fees are not a general practice for the applicants business. However, if the client has interest in a retainer fee, this can be negotiated. Fees are negotiable at the sole discretion of Krempa Associates, Inc. and Krempa Associates, Inc. RIA based upon any number of factors including, but not limited to, the nature of services provided and/or other services provided on behalf of the client.

Advisory Agreements will continue in effect until terminated by either party upon written notice to the other party, and a pro-rated portion of fees pre-paid, but unearned, will be refunded where applicable. Clients are responsible to pay for services rendered up until notice of termination is received by Krempa Associates, Inc. and Krempa Associates, Inc. RIA. Termination of this Agreement will not affect the validity of any action previously taken by Krempa Associates, Inc. and Krempa Associates, Inc. RIA under this agreement. Upon termination of this Agreement, Krempa Associates, Inc. and Krempa Associates, Inc. RIA will not have any obligation to recommend or take any action with regard to the securities, cash or other investments in the Account.

Such fees are due and payable quarterly, in arrears, and are based upon the fair market value of the Client's account assets as determined by the custodians, as of the last day of the previous calendar quarter. The rate is negotiated by Krempa Associates, Inc. and Krempa Associates, Inc. RIA and the Client but generally does not exceed 1% of assets under management.

Hourly fees are negotiated by Krempa Associates, Inc. and Krempa Associates, Inc. RIA and the Client, but do not generally exceed \$200/hour. An itemized invoice is provided after services have been completed.

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

Krempa Associates, Inc, Krempa Associates, Inc RIA and all supervised persons do not accept Performance-Based Fees.

Item 7      Types of *Clients*

Krempa Associates, Inc.'s general business environment works extensively with corporations, individuals and trust accounts, including pension plans, 401(k) plans and grantor trusts. Krempa Associates, Inc. typically is introduced to these potential clients through referrals from existing clients and Centers of Influence (i.e. lawyers, accountants and other financial professionals).

Krempa Associates, Inc. does not actively market financial services in any public manner other than <http://www.krempa.com>. \_\_\_\_\_

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

Krempa Associates, Inc.'s investment strategy includes deep discount (value investing) securities acquisition and Modern Portfolio Theory (Graham and Dodge Theory). These two strategies play a defensive role in the Krempa Associates, Inc. asset allocation strategy. Additionally, with the use of third party analysts such as Ned Davis and Jeremy Siegel, Krempa Associates, Inc. attempts to determine the direction of the markets two to four quarters into the future.

By managing five global portfolios on the 401(k) platform, Krempa Associates, Inc. is able to adjust portfolio allocations across dozens of clients within a very short period of time. Thus all clients are treated equally and expeditiously.

On average portfolios are adjusted three times per year, thus active trading losses do not affect our strategies. As of the date of this report, our 401(k)'s are exclusive mutual funds. However, at this time we are investigating FDIC insured savings accounts and the use of Exchange Traded Funds (ETF).

Lastly, we do not use any leverage derivatives or hedging strategies within our 401(k) portfolios.



None of Krempa Associates, Inc. and all supervised persons have been found to be in violation of SEC, FINRA or NASD regulations. We have **not** been:

1. convicted of, or pled guilty or no contest to any *felony*; a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or a conspiracy to commit any of these offenses.
2. named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.
3. *found* to have been *involved* in a violation of an *investment-related* statute or regulation.
4. subject of any *order*, judgement, or decree permanently or temporarily enjoining, or otherwise limiting, our firm or a *management person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule or *order*.
5. Involved in an Administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which our firm or a *management person*: was *found* to have caused an *investment-related* business to lose its authorization to do business; or was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority (a) denying, suspending, or revoking the authorization of our firm or a *management person* to act in an *investment-related* business; (b) barring or suspending our firm's or a *management person's* association with an *investment-related* business; (c) otherwise significantly limiting our firm's or a *management person's investment-related* activities; or (d) imposing a civil money penalty of more than \$2,500 on our firm or a *management person*.
6. Involved in a *self-regulatory organization (SRO) proceeding* in which our firm or a *management person* was *found* to have caused an *investment-related* business to lose its authorization to do business; or was *found* to have been *involved* in a violation of the *SRO's* rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from *investment-related* activities; or (iii) fined more than \$2,500.

Item 10 Other Financial Industry Activities and Affiliations

In addition to advisory services, Krempa Associates, Inc also offers insurance products/services and employee benefits. Insurance products include but not limited to Life, Disability, Long-Term Care contracts. The employee benefits business delivers advice and products from health insurance providers.

As principal officers of Krempa Associates, Inc, A. Charles Krempa III and William T. Krempa are also Registered Representatives of, The Investment Center 2006 (TIC), an unaffiliated broker-dealer, and as such may receive fees and commissions from the sales of securities.

For over 40 years, Krempa Associates, Inc. has remained a trusted partner in the five county region of Pennsylvania, providing one source for comprehensive financial products and services. Our clients can expect to gain the knowledge necessary to become an active partner in their financial success. Krempa Associates, Inc. works to ensure that all of our clients are informed, empowered, and satisfied with the services they receive.

### ***I. Introduction***

The purpose of Krempa Associates, Inc. Code of Ethics is to set the tone for the conduct and professionalism of the Firm's employees. The ethical culture of Krempa Associates, Inc. (the Firm) is of critical importance and is supported at the highest levels of the organization. In order to provide as much clarity as possible, key terms are defined in Section VIII of the Code.

Krempa Associates, Inc. includes all employees in its definition of "Access Person." Therefore, it is important that everyone reads, understands, and abides by this Code of Ethics in all aspects of their employment with the Firm. Violations of the Code are taken very seriously. Sanctions including monetary fines, censure, and termination are all possible. It is your responsibility, as an employee of this Firm, to uphold the policies enumerated below.

### ***II. Statement of Ethical Principles***

These principles apply to all Krempa Associates, Inc. employees in their management and administration of client assets. At all times, Firm employees must understand that:

1. They have a duty to place the interests of the clients first;
2. Personal securities transactions must be conducted consistent with this Code of Ethics in a manner that avoids any actual or potential conflict of interest;
3. They must never take inappropriate advantage of their positions;
4. All information concerning the identity of clients, their security holdings, and their financial circumstances is strictly confidential; and
5. At all times, the interests of clients must be paramount.

### ***III. Standards of Business Conduct***

Access Persons must comply with applicable Federal and State Securities Laws. Access Persons are not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

1. To defraud such client in any manner;
2. To mislead such client, including by making a statement that omits material facts;
3. To engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon such client;
4. To engage in any manipulative practice with respect to such client; or
5. To engage in any manipulative practice with respect to securities, including price manipulation

## ***I. Prohibited Activities***

- 1) **IPO Rule:** No Access Person may conduct personal securities transactions in an Initial Public Offering, except with the prior approval of the CCO. No Access Person registered with the NASD may participate in any IPO in their account or in any account in which they have beneficial ownership under any circumstances.
- 2) **Private Placement Rule:** No Access Person may conduct personal securities transactions in a Private Placement unless the CCO has approved such purchase. Any such approved purchase should be disclosed to the Firm if the Firm is considering that issuer's securities for purchase or sale.
- 3) **Insider Trading Rule:** No Access Person may trade, either personally or on behalf of others, on material nonpublic information or communicating material nonpublic information to others in violation of the law. No Access Person shall divulge or act upon any material, non-public information as such term is defined under relevant Federal Securities Laws.
- 4) **De Minimis Gifts Rule:** No Access Person shall annually accept any gift or other item of more than \$100 in value from any person or entity that does business with or on behalf of the Firm.
- 5) **Political and Charitable Contributions Rule:** No Access Person may make *any* political contribution without the prior approval of the CCO. All registered employees must make prompt written reports of any political contributions, even after receiving approval. In addition, all Access Persons are prohibited from considering the Firm's current or anticipated business relationships as a factor in soliciting political or charitable donations.
- 6) **Board Service Rule:** No Access Person shall serve on the board of directors of a publicly traded company without prior authorization from the CCO of the Firm. If board service is authorized, such Access Person shall have no role in making investment decisions with respect to the publicly traded company.

## ***II. Exempted Transactions***

The prohibitions of Section IV of this Code shall not apply to:

- 1) Purchases or sales effected in any account over which the Access Person has no direct or indirect influence, control, or beneficial ownership in the reasonable estimation of the CCO.
- 2) Purchases or sales effected in a Managed Account of the Firm which is run in strict accordance with a model portfolio of the Firm.
- 3) Purchases or sales of securities (1) not eligible for purchase or sale by the clients; or (2) specified from time to time by the CCO, subject to such rules, if any, as the CCO shall specify.
- 4) Purchases or sales that are non-volitional on the part of either the Access Person or clients.
- 5) Purchases of shares necessary to establish an automatic dividend reinvestment plan or pursuant to an automatic dividend reinvestment plan, and subsequent sales of such securities.
- 6) Purchases effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its securities, to the extent such rights were acquired from such issuer, and sales of such rights so acquired.
- 7) Purchase or sale of securities issued under an employee stock purchase or incentive program unless otherwise restricted.

Item 12      Brokerage Practices

Krempa Associates, Inc. RIA does not transact within a Brokerage Account on either a discretionary or non-discretionary basis. 401(k) assets are held within an Omnibus Account. Krempa Associates, Inc. does not share in any soft dollar benefits or "revenue sharing" with any firms whose funds are offered to 401(k) participants. Within Krempa Associates, Inc. RIA, no commissions or transaction fees are generated within the Omnibus Account.

All research is done through firms who Krempa Associates, Inc. pays directly for this research.

Item 13      Review of Accounts

Financial plans are reviewed at a minimum on an annual basis. Typically the purpose of the review is to clarify changes in the clients financial situation and to determine if the plan is being followed and goals are being achieved.

401(k) plans are reviewed on a per-pay basis to verify contributions are being made and allocated correctly.

Regularly scheduled face-to-face, group meetings occur at the clients place of business at least annually. These meetings are exclusively conducted by the clients supervised person, A. Charles Krempa, III or William T. Krempa.

401(k) participant's access to their account and any of fifteen available reports is online, thus it is available at any desired time.

Lastly, performance reports on each of our five portfolios are posted to the 401(k) website quarterly.

Item 14 *Client Referrals and Other Compensation*

Krempa Associates, Inc. general business environment works extensively with corporations, individuals and trust accounts, including pension plans, 401(k) plans and grantor trusts. Krempa Associates, Inc. typically is introduced to its potential clients through referrals from existing clients and Centers of Influence (i.e. lawyers, accountants and other financial professionals).

Krempa Associates, Inc.

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Item 15 *Custody*

401(k) accounts are custodied at either Matrix Bank (Denver, Colorado), Charles Schwab, or TD Investment Services (Denver, Colorado). Contributions and distributions do not flow through the general asset account at Krempa Associates, Inc. meaning Krempa Associates, Inc. does not have discretion over or access to handling any client assets.



Item 16 Investment Discretion

Krempa Associates, Inc. does not have any discretionary authority over assets held in the RIA / 401(k) platform.

Item 17      Voting *Client* Securities

Krempa Associates, Inc. does not vote Client Securities over assets held in the RIA / 401(k) platform.

Trustees of 401(k) plans may choose to vote proxies, or they may repress said proxies.

Item 18 Financial Information

As a general business practice, Krempa Associates, Inc. does not accept retainer or quarterly fee payments in advance. E Money© monthly financial planning services are provided on retainer in arrears to regularly scheduled monthly planning calls.

Within the last ten years, neither Krempa Associates, Inc., Krempa Associates, Inc. RIA, A. Charles Krempa, III, William T. Krempa, or Katie Burke have not been subject to any bankruptcy petition thus this section is intentionally left blank.

Education and Business Background for Executive Officers and Supervisors of the Firm:

**A. Charles Krempa, III., CFS, AIF®, Co-President**

Date of Birth: 1966

Education: Clarion University of Pennsylvania, 05/19/1989

Business Background: Vice President, Krempa Associates, Inc., 01/1994 - Present

Registered Representative, The Investment Center, 2006 – Present

**William T. Krempa, CFP, CFS, CSA, AIF®, Co-President, Treasurer, Chief Compliance Officer**

Date of Birth: 1967

Education: Clarion University of Pennsylvania, 05/12/1990

Business Background: Vice President, Krempa Associates, Inc., 01/1994 - Present

Registered Representative, The Investment Center, 2006 - Present

**Kathleen L. Burke, CFP\*\***

Date of Birth: 1981

Education: Elon University, 2003

Business Background: Senior Private Client Associate, Bernstein Global Wealth Management,

02/2006 - 01/2010

Client Relationship Manager, Delphi Private Advisors, 04/2010 - 07/2015

President and CCO, Method Financial Planning, Inc., 08/2015 - Present

Krempa Associates, Inc. and all supervised persons are discouraged from having any direct relationships or fee agreements with any issuer of securities. This includes commissions, compensation, soft dollar and revenue sharing. Any gifts received in excess of one-hundred dollars are listed on the company gift log and available upon request.

**Certified Fund Specialist (CFS)**

The Institute of Business & Finance awards the CFS (Certified Fund Specialist), in which candidates must pass three exams and a case study and meet one of the following requirements; a bachelor's degree or one year of financial services work experience. A Certified Fund Specialist is able to evaluate and compare financial measurements and benchmarks when constructing a portfolio. Continuing Education requirements are thirty hours every two years.

\* CFP; CFP Board; 1998

\* CFP; CFP Board; 2011

**Certified Financial Planner (CFP)**

The program is administered by the Certified Financial Planner Board of Standards Inc. Those with the CFP designation have demonstrated competency in all areas of finance related to financial planning. Candidates complete studies on over one-hundred topics, including stocks, bonds, taxes, insurance, retirement planning and estate planning. In addition to passing the CFP certification exam, candidates must also complete qualifying work experience and agree to adhere to the CFP Board's code of ethics and professional responsibility and financial planning standards. Continuing Education requirements are thirty hours every two years.

**Certified Senior Advisor (CSA)**

The CSA Designation represents a multidisciplinary approach to enabling professionals to identify and accurately serve the complex and diverse needs of our aging population. CSAs are able to serve as a one-stop resource for seniors by accessing information that can help seniors and their families as well as guide seniors and their families to organizations that can help meet their needs.

Krempa Associates, Inc, Krempa Associates, Inc RIA and all supervised persons do not accept Performance-Based Fees.

Please refer to Section 9 stating that no supervised or management person of Krempa Associates, Inc RIA has been involved with or found liable in any arbitration claim. Additionally, the individual's stated above have not been found liable or been involved in any civil self-regulatory organization, or administrative proceedings.

Krempa Associates, Inc and Krempa Associates, Inc RIA have no relationships or arrangements with any issuer of securities.