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PORTFOLIO MANAGEMENT

How am I involved in the day-to-day portfolio decisions?

When establishing our relationship, we will discuss different investment strategies and what our clients can expect from them. Once you choose an investment strategy and investment program, we will state it clearly in your Investment Policy Statement, which serves as the blueprint for your portfolio.

Each structured portfolio follows an investment strategy that is constructed in advance and is managed according to the written agreement. As such, routine transactions occur automatically. For example, each portfolio is compared to its strategic targets on an ongoing basis. Whenever portfolios are out-of-sync with their target investment mix, they are considered for possible rebalancing. Portfolios are typically rebalanced in January but may also occur quarterly. Whenever you have questions about something that has occurred in your account, feel free to contact us.

For those clients who maintain individual stocks and bonds and mutual funds as opposed to a structured portfolio, we follow a similar process. We will always contact you in advance to discuss the necessary portfolio changes and we will require your authorization to effect any transactions.

In all cases, regardless of the portfolio strategy, as we execute the portfolio from a strategic standpoint, we will regularly track your progress toward achieving your stated personal goals. As always you may call us to discuss any portfolio concerns.

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How do you select investments for a client?

We are strong believers and adherents of Modern Portfolio Theory (MPT) and the Efficient Market Hypothesis (EMH). MPT asserts that diversification can eliminate unnecessary risk and increase returns. Various studies confirm that the most important determinant of long-term portfolio success is the overall mix between the various types of stocks and bonds.

EMH asserts that over the long term, it is extremely difficult if not impossible, to "beat" the market through investment selection, market timing or other Wall Street gimmicks. As fiduciaries for our clients (which means we do what is best for clients in all regards), we provide you with the most appropriate (i.e., prudent, low cost and tax efficient) investment vehicles to meet your objectives.

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Do investments differ from client to client?

Each portfolio is engineered based on financial science. The percentage allocated to each fund will differ from client to client depending upon the specific needs and risk profile of each client. In addition, because we strive to minimize unnecessary taxes, there are differences in investment options between taxable and qualified (tax-free and tax-deferred) accounts.

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Do you have possession of our investments and cash in a house account?

No. To provide you the maximum assurance, we never take possession of or have direct access to any of our clients' accounts. Instead, we use non-affiliated, third party custodians for all client assets (investments and cash). Custodians hold your assets and facilitate trading activities. *Only you have access to your investments and cash.*

For the structured programs, we prefer to use Trust Company of America (TCA) as the custodian because of its commitment to client service and low trading cost. In addition, TCA's dedication to operational efficiency keeps management fees low.

For clients who choose to retain assets outside the structured program for personal or tax reasons—we prefer to use Scottrade Advisor Services as the custodian, again because of its low trading costs and operational efficiency.

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Will you give me advice on other investments if you are not managing them?

No. While we will recommend an overall investment strategy for all of your accounts as part of our planning services, we only advise and manage assets that are placed directly under our care through one of our investment programs. We will not consult or provide specific investment recommendations on financial assets you might hold at other firms. Our services do not extend to accounts managed or maintained at a brokerage firm or online do-it-yourself service. In some instances however, we may provide limited guidance on the options in your corporate 401(k).

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Will you accept stocks, bonds, and mutual funds that I transfer in? What about investments that I want to keep?

FocusYOU will transfer your investments into your structured program account, but these assets will likely be liquidated upon receipt, unless they are the same securities used in your investment proposal. We have a responsibility and obligation to manage your portfolio in your best interest, which includes selecting and monitoring all securities held in your account.

For any investment(s) that you currently own and want to keep for personal or tax reasons, we will help you set up a separate non-managed account with Scottrade. We offer this type of account for convenience only. While we can view the account, we will not directly oversee it and therefore we do not charge any advisory fees for this service.

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PORTFOLIO REPORTING

How often will you meet with me after executing the initial investment strategy?

During the first year for our investment relationship, we will meet with you two or more times at a minimum to explain and review the first one or two portfolio performance reports. Then, we will give you the option to meet with us at least once annually. In all cases, you can schedule a quarterly conference call with us to review and discuss the quarterly report.

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Will I have Internet access to my account?

Yes. Our clients have free Internet access to their account(s) available 24/7 provided by our custodians, Trust Company of America or Scottrade. These websites are the source for immediate information on account activity and provides you with year-end tax information. We will establish online access for each client and provide instructions on how to access accounts. Online access provides information regarding investment positions, account balances, account activity and online statements.

Clients may also subscribe to our Client Portal and Vaulting services. Through your personalized Client Portal, FocusYOU will provide you with much more than the free sites provided by TCA or Scottrade, including secure document storage for ALL your documents including tax returns, wills, trusts, net worth reports, to-do lists and calendaring and more.

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When will I receive statements and reports and other account notices?

You will receive a written confirmation by mail any time a trade occurs in your account, regardless of the custodian or account type. You do not need to contact us anytime a trade occurs in your accounts. However, please contact us whenever you have a question about a transaction.

On a quarterly basis, Trust Company of America will send you a detailed report that shows your account balances, account activity, cash flows and unrealized gains, and also include detailed performance information. Reports are available on paper and online.

Similarly, Scottrade provides statements to all clients for all accounts. These statements show account balances, account activity, cash flows, and unrealized gains. Statements are available on paper and online.

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What type of reports will I receive to help me prepare my income taxes?

Every January, the account custodian(s) will provide every client with specific tax-related forms. Depending on the type of account, clients will receive a detailed Form 1099 for their taxable accounts and for retirement account distributions, or form 5498 for retirement account rollovers and transfers.

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SECURITY AND PRIVACY

I am worried about privacy and confidentiality. What can I expect from you?

Clients can expect our firm to be equally concerned. We have instituted a privacy policy, listed at the bottom of each page on this website under *Privacy Policy* that directs our actions on a daily basis. In addition, all staff members have signed a confidentiality agreement. Our recommended custodians and technology partners are equally committed to maintaining this confidentiality. We will not divulge any information to a third party unless the client has given us express written consent.

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Does anyone at FocusYOU or its' partners have access to my money?

No one at FocusYOU or at our portfolio managers has direct access to the investments or cash in your account(s). We only have the authority to withdraw management fees from your account(s). We have no other access or authority. Even when a client requires a withdrawal, we will always have the client complete the appropriate withdrawal form indicating both the amount requested and where the funds are to be mailed for deposit. When a client participates in a structured investment program, the client only provides the portfolio manager a limited power of attorney to do two things: 1) trade securities for the initial investment and rebalancing purposes; and 2) deduct quarterly management fees from the account based on the previously agreed upon contract rate. The portfolio manager(s) have no other access or authority.

The non-affiliated, third-party custodians (Trust Company of America and Scottrade Advisor Services) simply ensure the safekeeping of client assets. Both firms comply with federal statutes and regulations enforced with stringent examinations.

Employees of all of these firms, including FocusYOU, undergo thorough pre-employment security screening, fingerprinting and background checks.

In addition, all client accounts are protected on multiple levels and includes extensive coverage through our custodians, portfolio managers and FocusYOU. Each entity provides protection for both individual investor accounts and company-sponsored retirement plans. Please contact us for more information.

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How do you and your selected partners protect my privacy?

FocusYOU and all of its partners comply with all privacy laws affecting financial institutions. Each year our clients will receive a FocusYOU Privacy Statement and one from each of our partners that outlines our responsibilities in detail. Those standards are reviewed regularly to ensure they cover all forms of communication. In a nutshell, neither FocusYOU nor its partners will release any information to any person who is not directly named on your account unless we have your written permission to do so, with the exception of legal and regulatory authorities.

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REGULATION

What is an RIA and how does it differ from a brokerage firm?

RIA is short for Registered Investment Advisor. RIA firms are regulated by the Investment Advisors Act of 1940 and we have a fiduciary duty and responsibility to our clients. Fiduciary means that RIAs are required by law to always work and act in the client's best interest. RIA's base their

compensation on planning fees and assets under management. RIA professionals are known legally as Investment Advisor Representatives.

In contrast, brokerage firms are primarily in the financial product sales and distribution business and are regulated by the Securities Act of 1933. Brokerage firms tie their compensation to the sale and distribution of financial products. Brokerage firm advisors are known legally as Registered Representatives and are often called “financial advisors”, which is a marketing term only created by the brokerage industry in the late 1990s. (“Financial advisors” are very different from Investment Advisor Representatives (IAR) and Certified Financial Planner™ (CFP®) professionals. IAR’s and CFP’s are **definitely** held to the fiduciary standard whereas “financial advisors” are not.)

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What are the legal and regulatory differences between brokers (i.e., financial advisors and registered representatives) and fiduciary investment advisors?

Regulations protect the public in two very different ways. On one hand, brokers are subject to what is called “compliance,” which basically means they have to “comply” with the rules governing their sales activities. FINRA (Financial Industry Regulatory Authority) writes and enforces the rules for brokers and brokerage firms. FINRA, which is a private, nongovernmental organization, is not subject to public scrutiny or evaluation.

Both FINRA and brokers frequently argue that their compliance rules are so strict that they provide adequate consumer protection. However, FINRA’s arbitration statistics seriously weaken this argument. From January 2000 through December 2010, FINRA reports that investors filed over 69,000 different arbitration claims against individual brokers, which is nearly 6,300 annually.

Investors must sign an arbitration agreement to open an account with a broker. This means that investors give up their rights to take legal action in the event of a dispute and agree in advance to take their complaint to a panel of FINRA arbitrators, who are paid by the brokerage industry. Winning restitution in a FINRA complaint is extremely difficult. Of claims filed since 2006, only 10% - 20% actually proceed to an arbitration hearing in any given year, with less than 45% of those claims (or 5% - 10% of the total claims filed) resulting in any monetary awards for investors.

In comparison, a Registered Investment Advisor and its’ Investment Advisor Representatives are held to a fiduciary standard of care. This means they have a legal obligation to always act in the client’s best interest and to put the clients’ interests ahead of their own. When a dispute arises, a client can contact the SEC or a state regulator, who will have its government attorneys and investigators launch a formal inquiry. A client can also sue in court.

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Isn't it true that the regulatory reforms required in the Dodd-Frank Act will harmonize the regulatory standards between brokerage firms and Registered Investment Advisors so that both are held to the same fiduciary standards?

For over a decade, brokerage firms have continued to fight against the fiduciary standard. Currently, they are lobbying against being held to the same standard as Registered Investment Advisors. Brokerage firms' entire business model is based on doing what is in **their** interests, rather than what is in the interests of their customers. Furthermore, the SEC would require brokerage firms to fully disclose all the potential conflicts of interest in each recommendation. Brokers would have to provide the disclosures in plain English, not in legalese.

Registered Investment Advisors are already legally **required** to act in the best interests of their clients, disclose all potential conflicts of interest and provide disclosures written in plain language.

The current fiduciary debate is complex and protracted because no person or entity (e.g., brokerage firms, banks, and insurance companies) wants to give up their current revenue stream.

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What is fiduciary financial planning and why should that be important to me?

CERTIFIED FINANCIAL PLANNER™ professionals (CFP®) and Investment Advisor Representatives (IAR) are held to a Fiduciary Standard, which means they occupy a position of special trust and confidence when working with a client. As a fiduciary, the CFP or IAR is required to act with undivided loyalty to their clients. This includes disclosure of how he or she is to be compensated and any corresponding conflicts of interest. A fiduciary standard means that your CFP or IAR is putting your interests first, without any influence from outside interests and has a detailed Code of Ethics.

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Are there a set of core fiduciary principles?

Yes. There are five core principles which are the essence of a fiduciary:

1. Put the client's interests first.
2. Act with prudence, defined as acting with "skill, care, diligence and good judgment."
3. Do not mislead clients and provide clear and plain, full and fair disclosure of all important facts.
4. Avoid conflicts of interest.
5. Provide full disclosure of unavoidable conflicts.

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PLANNING

Things are getting more complex and complicated. I want to be certain I'm on track, but don't always have the time to stay on top of all the details. How can you help me?

People with complex and complicated situations always benefit from our sophisticated strategic planning knowledge and services. We help to simplify, coordinate and streamline every aspect of your financial affairs. Even if you are looking for a professional evaluation or a second opinion to ensure you are on track, we can help.

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How often will you meet with me to complete and execute the strategic financial plan?

The amount of time will vary based on the overall complexity of your situation. However for the initial strategic plan, the typical one-on-one coaching engagement requires about three (3) to six (6) separate meetings averaging about 60-90 minutes each to complete the written plan. Once you define and clarify your True Purpose for Money, we build your strategic game plan around it.

We have this many meetings because there is a great deal of work to complete, which requires back and forth dialog to ensure full understanding and thorough agreement between us. This dialog helps FocusYOU ensure that all recommendations are appropriate for your specific situation.

Once you decide which strategies to execute, the number of meetings will vary. Sometimes there is just one meeting to get everything complete; other times it could be 2 or more meeting to execute everything. Not all meetings are face-to-face during the execution phase. Sometimes a 5-10 minute phone call will suffice to make significant progress.

After the initial planning year, we generally meet with the client as needed. Wherever possible, we want to discuss specific changes over the phone so we can respond to the your needs more quickly. In addition, we advise and recommend that you update your financial plan every two years, however some clients prefer annual updates. These updates will include a balance sheet, cash flow analysis, retirement projections, survivor income, personal insurance evaluations, and reviews of other client specific needs (e.g., business succession, estate planning, college funding).

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Does FocusYOU provide only comprehensive financial planning?

No. While a comprehensive financial plan provides the greatest benefits, we recognize that some areas are more important for the client to address than others. As such, we are able and willing to limit our strategic planning services to your specific needs. After presenting our all encompassing proposal, you choose which areas to cover now and which areas to postpone. We then adjust the planning fee accordingly.

In addition, many firms have minimum income or net worth requirements before they will consider working with someone. In contrast, we work with people from a variety of backgrounds, walks of life and financial means.

We offer a specialized program called **OnPoint**, which we've designed specifically for those with limited resources, such as people just beginning their careers and families, those who got a late start, and those who are rebuilding their financial future. FocusYOU makes this program affordable by addressing the high level issues and instructing the client on how to deal with the time-consuming details.

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By using your planning services, are we obligated to use your services to execute the plan?

Completing your plan is just the beginning – it is nothing without action. While you are not obligated to use our services to execute your plan, we have discovered that most people are unable to execute the plan effectively or in a timely manner without our professional coaching and guidance.

You can shop around and search the Internet for your options, but it's highly likely that you may be unable to discern the subtle differences among financial products. Even more importantly, it's very probable that you, like most consumers, may make an investment decision or purchase an insurance product that is not appropriate or optimal for your situation. In many instances, people simply get frustrated and put off executing the plan.

The majority of our clients would rather spend their time enjoying their families and friends, growing their careers and businesses, improving their health or pursuing a hobby. For this reason, nearly all of our clients work closely and exclusively with FocusYOU to fully execute every decision they make about their plans.

More importantly, with the ever-changing nature of life, tax laws, market returns, and the like, we are proactive in making sure your plan remains relevant and up to date. The majority of our clients prefer to work on an ongoing basis and we update their plans at least every two years. In

between the planning updates, we encourage our clients come to see us for regular checkups, portfolio and insurance reviews, and to attend our educational workshops and events.

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GENERAL

Are your fees tax deductible?

The strategic planning fees and investment advisory fees are likely tax deductible, but it depends upon three specific things:

1. the amount of your adjusted gross income,
2. whether you itemize your tax deductions, and
3. the total amount of your "miscellaneous" itemized expenses.

The IRS in Section 212 of the Internal Revenue Code allows taxpayers an itemized deduction for tax and/or investment advice in the miscellaneous section of Schedule A. Please note that the miscellaneous deduction is subject to a 2% floor of the adjusted gross income on a personal tax return.

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How will you help me when I might need to obtain other financial products, such as a mortgage or insurance?

While we do not sell investment products, we will represent you in the insurance market-place and help you identify life, disability and long-term care products that may be appropriate for you. So, when you decide to obtain an insurance policy, we will work with you to identify the right insurance company for you. Currently, we have access to over 100 leading life insurance companies.

As for mortgages, estate planning or detailed tax advice, we will refer you directly to select professionals who can help you.

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What is the nature of your relationship with the various companies that you recommend to execute the strategic, investment and insurance solutions?

Neither FocusYOU or William Pitney are employed by or affiliated with any investment company. For full disclosure, some investment companies provide FocusYOU access to a variety of

analytical tools that allow us to work efficiently when analyzing investment portfolios and developing proposals.

Similarly, neither FocusYOU or William Pitney are employed by or affiliated with any insurance company. For full disclosure, some insurance companies provide William Pitney access to a variety tools that allow him to work efficiently when analyzing insurance policies and in developing proposals.

Whenever a client needs to obtain or requires assistance with property and casualty insurance, a mortgage, estate planning or taxes, we have access to the professional resources they might need. In many cases, FocusYOU is able to introduce a client directly to the appropriate professional(s). Again, neither FocusYOU or William Pitney are employed by or affiliated with any other the company. We offer these professional resources as a convenience since our clients often ask for recommendations. **We do not receive any compensation or share any revenue with these other professionals.**

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How can you help our company increase employee participation in our retirement plan?

For small companies (up to 25-50 employees), we offer a thorough employee education program to help increase employee participation. For more information, please call us to arrange a time to discuss the details of your specific needs and how we can assist you. If we are the right fit, we will build a custom educational program for your company.

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Will you work with our existing attorney or accountant?

With a client's permission, we will always work with their other advisors. In fact, we advise our clients to allow us work on their behalf with their other advisors as a team. Allowing us to speak with these other advisors directly and/or provide data and information assists in seamless handling of our clients' financial needs. For those advisors with the appropriate technology, we can provide the advice or web-based access to much of our planning technology. Let us stress again: we initiate these relationships specifically upon written permission from our clients.

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GETTING STARTED

What separates FocusYOU from other financial advisors?

There are a few things that we think are unique and special about our firm. First, we believe very strongly in the Fiduciary Standard. This standard mandates that we put our clients' interests in front of our own and that we must try to minimize conflicts of interest and disclose any that remain. This is very different from a broker's suitability standard, which says that an investment only needs to be suitable for a client and may involve the advisor getting paid a commission to recommend a certain product.

Secondly, our cash reserve policy for our clients is different from most firms and has helped steer our clients through the recent downturn relatively well. For clients that need to draw money from the portfolio, we recommend carving out two years of expenses and keeping this money set aside in a separate account. This account is mainly invested in cash equivalents and short-term bonds. As the client draws down the balance, we opportunistically look for ways to refill this bucket. As a result, the client knows where their living expense money is, and they don't need to sell assets at depressed levels to free up cash flow. Additionally the balance of the portfolio can be invested in long-term investments. We do not believe an income approach makes sense because it may force us to build a portfolio that relies on only dividend-paying stocks and high-income producing bonds.

Lastly, our approach to recommending an investment allocation is much more detailed than others and is at the core of our service offering. We utilize both a client's risk tolerance and retirement planning analysis to arrive at an asset allocation that allows them to meet their goals and allows them to sleep well. Most firms arrive at an allocation recommendation based solely on a risk tolerance questionnaire. We delve into all components of our clients' financial lives and look at their assets, liabilities, income, and expenses in order to arrive at a solution that 'looks and feels like them'. Our ultimate recommendations are tailored to their specific needs, goals, and objectives.

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How do we get started? What is the process?

The first step for most people is to attend one of our educational workshops, so they can get a sense of who we are and how FocusYou is different from the other financial planners and advisors. Next, we will schedule a one-on-one Engagement Meeting where we will get acquainted with one another. Some people may come to us without attending a workshop and some are referred by our existing clients.

At the Engagement Meeting we will discuss your financial planning needs and together determine which of our services are most appropriate for you. FocusYOU will then provide a firm estimate of our fee for our services, the data needed, and when you can expect the work to be complete.

In this meeting, we will take the time to understand what's truly important to you as well as your current situation, your goals and aspirations. Once we determine we can benefit you and you decide to establish a long-term relationship with us, we will use our planning process and resources to analyze your situation and identify gaps and opportunities to be able to recommend the best alternative strategies appropriate for you. As stated previously, this process requires several meetings and collective reviews of our progress. After all of our meetings and discussions, we will deliver a strategic game plan designed and written specifically for you. We are confident that you will be eager to execute your game plan and we will coach you along the way.

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Is there a charge for the initial Engagement Meeting?

No. FocusYOU does not charge any fees to a prospective client until after we mutually decide we can provide benefit and be of assistance. In a few instances, this has taken more than one meeting and a phone call or two to clarify specific points of our service.

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Who will benefit most from your services?

Nearly every individual or family seeking financial clarity and direction could benefit from the services of a CERTIFIED FINANCIAL PLANNER™ professional. We serve people at various income levels from all walks of life.

However, our main criterion is that a new client must have a strong desire for an unbiased financial education, a deep commitment for wanting to work with a financial coach, and is sincere about improving their financial life.

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