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Disclosure Brochure

March 7, 2011

This brochure provides information about the qualifications and business practices of Leahy & Clair Financial Management. If you have any questions about the contents of this brochure, please contact us at (804) 794-1981 and/or email services@leahyandclair.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Leahy & Clair Financial Management is also available on the SEC's website at www.adviserinfo.gov.

Leahy & Clair Financial Management is a Registered Investment Advisor (RIA) firm. This registration does not imply any certain level of skill or training.

Material Changes

There are no material changes to report for 2011

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Advisory Services and Fees

Advisory Business

Leahy & Clair Financial Management (Leahy & Clair) is an independent, Registered Investment Advisor (RIA) firm, providing integrated financial planning and investment management on a fee-only basis.

Thomas M. Leahy III, RFC®, AAMS and John B. Clair, CFP®, Managing Partners, began the firm in February 2009.

Leahy & Clair Financial Management offers three services:

Financial Plan Development

Hourly Consultation

Investment Advisory Service

Financial Plan Development is comprehensive in nature and focuses on both short-term goals, like budgeting or saving for college, and long-term goals like retirement. It can also include advice on corporate benefit plans. Financial plan development goes beyond that which is required to initially implement and manage the client's portfolio. This planning service is contracted based on the number of hours it is estimated the planning will take.

Hourly Consultation can focus on any aspect of the client's financial life they choose and is also included as an option on the Financial Plan Development contract.

The following is a summary of services that can be provided under either of these arrangements:

- Personal net worth statement and analysis
- Cash flow analysis and budgeting
- Investment assessment and allocation advice
- Employee benefits consulting, to include qualified plans and healthcare benefits
- Risk assessment and insurance planning
- Tax analysis and planning, which may require consultation with an outside CPA and/or attorney

- Estate planning, which may include consultation with an outside CPA and/or attorney
- Retirement planning, to include but not limited to, accumulation and withdrawal scenarios
- College planning, to include but not limited to, savings and investment strategies, and application and financial aid assistance

Leahy & Clair implements investment strategies based on a comprehensive planning process to determine the goals, needs and necessary risk level of the client. A complete financial plan is recommended ahead of entering into an investment management relationship.

Investment Advisory Service provided by Leahy & Clair is a wrap fee program (See Wrap Brochure), which means that the advisor pays the trading charges incurred in buying or selling securities in a client's account with the exception of individual issue bonds, for which the ticket costs are part of the price spread and cannot be separated. Leahy & Clair is the portfolio manager, sponsor, organizer, and administrator.

All investment clients are managed as wrap program clients. The wrap or management fee paid by the client is paid to Leahy & Clair. The assumption of ticket charge costs on the part of Leahy & Clair is irrelevant to the investment decisions made on behalf of the client. The selection of securities is based solely on the merits of the investment and its appropriateness for the client.

Leahy & Clair uses various investment strategies in the management of accounts as determined by the stated investment objectives of the client (i.e. maximum capital appreciation, growth, income, or growth and income).

While Leahy & Clair utilizes a long-term, asset allocation strategy as its foundation for the management of investment portfolios, the needs and goals of the individual client ultimately determine the time horizon and investment strategy.

Broad global diversification, low internal costs and tax efficiency are the core principles of Leahy & Clair's investment philosophy. This can be accomplished in a variety of ways, but primarily through the use of index-type funds. Leahy & Clair has access to Dimensional Fund Advisors (DFA) Funds and can use them to implement investment strategies, if appropriate for the client.

However, Leahy & Clair will manage individual stocks, bonds and ETFs within a portfolio based on their effect on the efficiency of the overall portfolio and the quality of the individual investment. Clients may also direct that certain investments be held but not traded, or place other restrictions on the management of their portfolio through a formal Investment Policy Statement (IPS) the client agrees to and signs.

Leahy & Clair may hold brokerage accounts for clients on a non-managed, non-wrap fee basis. If held under a non-wrap fee arrangement, the client's account will be charged any trading costs incurred while implementing the instructions of the client.

As of February 10, 2011, Leahy & Clair holds \$13,191,000 in assets, which are managed on a discretionary basis.

Fees and Compensation

As previously stated, Leahy & Clair provides Financial Plan Development, Hourly Consultation, and Investment Advisory Services. Fees paid by the client areas follows:

Financial Plan Development:

This planning service is billed based on an hourly rate of \$175.00 per hour for individual clients and \$200.00 for corporate clients. These fees may be negotiable at times. An estimate based on the number of hours to complete the plan is provided to the client and one-half of the estimated fee is due upon signing the contract. The reconciled balance is due within 30 days of the presentation of the completed plan. If a client contacts Leahy & Clair within 3 days of signing the contract and wishes to terminate, their deposit will be refunded. Refunds will not be provided for terminations occurring after this 3 day period.

Hourly Consultation:

Clients selecting this service will be billed an hourly rate of \$175.00 per hour for individual clients and \$200.00 for corporate clients. These fees may be negotiable at times. There is no provision for refunds on work completed.

Investment Advisory Services (Wrap Fee Program):

Investment management fees are calculated at the beginning of each month. Monthly management fees are billed in advance and based on the Average Daily Balance (ADB) of the client's account assets under management for the previous period. The ADB does not take into account un-priced securities nor does it count days when the account has a zero balance. At the beginning of each period, Leahy & Clair provides the client a Management Fee Notification showing the ADB, computed fee, any adjustment to fee, explanation of adjustment, and net fee to be deducted in the period from client's money market fund within the account.

Management fees are be automatically deducted from the client's account(s). The fee is assessed beginning the first full billing period following the funding of the account (s), full or partial as agreed to. The initial fee may be based on the beginning value of the account if an accurate ADB cannot be calculated due to the limited tenure of the assets deposited to the account.

Management fees for accounts for which average daily balances cannot be calculated are based on the balance of the client's account as of the last business weekday of the billing period. The account balance does not take into account any un-priced securities nor does it take into account any account whose balance is zero.

Exceptions:

On an exception basis, a client may be billed directly. In such case, the notification will be the actual invoice. This notification will show the balance on which the account is being billed the computed fee, any adjustment to the fee, explanation of the adjustment, and net fee billed.

Other Fees and Expenses:

Clients may incur certain fees and charges imposed by third parties other than Leahy & Clair and its associated persons in connection with an investment placed in or made through a managed account, including but not limited to 12(b)1 fees, distribution fees, IRA and qualified retirement plan fees.

Load mutual funds may be purchased in a managed account on an exception basis only at the direction of the client. In such instances, the client will be asked to sign a Fee Acknowledgment Statement acknowledging that they will pay a load fee in addition to the management fee on the account.

While trading charges for equities and mutual funds are waived in the account, transaction ticket charges (the actual cost of each trade, typically \$20 to \$35, plus exchange fees) may be passed on to a client at Leahy & Clair's discretion if the account is being held under a non-wrap fee arrangement. Fees and charges will be noted on the client's statements and confirmations.

Fixed Income Securities:

Because it is embedded in the pricing spread when trading in fixed income securities, Leahy & Clair cannot control the cost of buying or selling such securities and therefore cannot assume financial responsibility. Leahy & Clair will, however, attempt to ensure best price execution.

What Advisory Fees Cover:

Advisory fees charges for managed accounts cover the design and management of the client's investment portfolio, ongoing financial planning, and such administrative services as bookkeeping, record keeping, account set-up procedures and maintenance, computer monitoring of funds and sales expenses. These fees are separate and distinct from fees and expenses charged internally by mutual funds and variable annuities, which may be recommended to clients. A description of these fees and expenses is in each fund's and annuity's prospectus.

Fees:

Managed accounts may be placed under any of the following five schedules determined by agreement with the client and based on the complexity of the portfolio and the associated service work required to manage the client's account(s).

Fee Schedule Number	(reduced AUM) \$25,000 to \$99,000	\$100,000 to \$249,000	\$250,000 to \$499,999	\$500,000 to \$999,999	\$1,000,000 to \$2,999,999	\$3,000,000 to and above
1	2.00%	1.85%	1.70%	1.55%	1.30%	1.15%
2	1.80%	1.65%	1.50%	1.35%	1.10%	0.95%
3	1.60%	1.45%	1.30%	1.15%	0.90%	0.75%
4	1.40%	1.25%	1.10%	0.95%	0.70%	0.55%
5	1.20%	1.05%	0.90%	0.75%	0.50%	0.35%

In order to offer management services to clients with smaller account sizes, Leahy & Clair requires a minimum annualized fee of \$1,200 to cover the cost of providing the initial planning work needed to determine the structure of the client's portfolio and other associated service work. This fee would be inclusive of the account management fee and reconciled annually. For example, an account of \$25,000 at a 2% management fee would yield an annual management fee of \$500 given the value of the account does not change over the course of the year. The client would be billed an additional \$700 at the end of the year to equal \$1,200.

For 529 college Savings Plans, the management fee is a flat .75% annually, billed on a monthly basis.

Fee increases:

If Leahy & Clair is going to increase its fee, Leahy & Clair must notify the client in writing sixty (60) days in advance of the scheduled implementation of the fee increase.

Contract Termination:

Investment Advisory Agreements may be terminated at any time by the client given thirty (30) days written notification of such to Leahy & Clair by certified mail. Investment Advisory Agreements shall be automatically renewed on an annual basis unless terminated by the client. If deposited assets are subsequently withdrawn prior to the end of the initial billing period and notification is received, the fee chargeable is the full period fee given that it is less than or equal to \$100.00, or pro-rated based on the number of days assets were under management given that the full period fee is more than \$100.00. If assets are withdrawn by the client without notifying Leahy & Clair, the full period fee will be retained. Leahy & Clair reserves the right to wave these fees if the situation warrants it.

The Investment Advisory Agreement may be canceled in writing within five (5) business days of the date of the contract without penalty. All deposits then received will be refunded in full; otherwise all terms and conditions as stated are binding.

Performance-Based Fees and Side-by-Side Management: N/A

Types of Clients

Leahy & Clair provides Financial Plan Development, Hourly Consultation and Investment Advisory Service to individuals, business owners, trusts and employer retirement plans.

Requirements for hiring Leahy & Clair for Financial Plan Development or Hourly Consultation are stipulated in the *Financial Planning Contract*.

Guidelines for Leahy & Clair's Investment Advisory Services are contained in the *Investment Advisory Agreement*. There is no minimum account size requirement to provide investment management services to clients with smaller account sizes. Leahy & Clair, however, requires a minimum annual fee, as stated earlier.

Types of Investments

Supporting Leahy & Clair's investment philosophy of broad global diversification, low internal costs and tax efficiency, index type mutual funds are the core of Leahy & Clair's managed portfolios, whenever possible. However, Leahy & Clair will manage individual stocks, bonds and ETFs within a portfolio based on their effect on the efficiency of the overall portfolio and the quality of the individual investment. Leahy & Clair does not participate in options or derivative trading.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment in any type of security represents a risk of some degree of potential loss. Identifying the client's level of risk aversion by using a risk assessment program, and combining this with the goals that need to be attained through an investment strategy, provides the basis for constructing an allocated portfolio, invested across different types of securities, industries and markets. Design of such asset allocated investment models is based on academic research regarding the performance of asset class categories over time, their behavioral interaction, which creates a portfolio's measure of volatility or quantifiable measure of potential gain or loss. These measurements are used to achieve efficient diversification of those asset classes in order to maximize expected rate of return for the given risk level.

Leahy & Clair focuses on achieving broad global diversification, keeping internal costs low and being tax efficient. These are overriding principles that drive decisions of investment selection to implement the investment model determined to be appropriate to achieve the client's goals. Unless otherwise dictated by the client's financial plan, Leahy & Clair takes a long-term approach to investment management to help mitigate risk over time and reduce excessive trading. Supporting this investment approach, index type mutual funds and/or ETFs (are the core of Leahy & Clair portfolios, whenever possible.

The following outlines Leahy & Clair's screening criteria for mutual funds, stock and bonds.

These are only guidelines and must be subjectively weighed when analyzing any investment for a client's account. In some cases, decisions are made outside these parameters.

Mutual Funds

1. **Correlation: (R2)** In order to use the investment model as an effective predictor of portfolio behavior, the mutual fund must be highly correlated to the asset class category for which it is selected.
 - a. Correlation will be measured for the previous 1 year. This is ongoing and updated month-by-month on a 1-year basis.
 - b. Funds should demonstrate a minimum of a 75% correlation to their asset class.
2. **Rate of Return:** While rate of return of the mutual fund is considered, other criteria may dictate selection of a fund which is under performing others in its asset class category. If a fund is highly correlated to its asset class, yet is under performing another fund, which comparatively is providing a higher rate of return but not correlation, the first fund would be used. This insures the validity of the model, the model's risk level and the model's expected rate of return.
3. **Alpha:** Level of risk is measured by beta, a positive alpha figure indicates the fund has performed better than its beta would predict.
4. **Sharpe Ratio:** It is calculated by using the standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. A positive Sharpe Ratio of 1 or higher is the desired measure. In the case of a down market, given from the same asset class category, the fund with the higher Sharpe Ratio is selected, even if negative.
5. **Standard Deviation:** As a measure of volatility (risk), Standard Deviation tracks the price variance of the investment from its mean for a given period of time. The higher the

standard deviation is, the higher the volatility and thus risk. Compared to rate-of-return, it provides an indication of the efficiency of the investment – rate-of-return vs. risk.

6. Manager Tenure: Leadership turbulence can be a factor in mutual fund performance and consistency of investment style. Manager tenure of greater than 5 years is desired. Absent this, the manager must have a record of superior performance with any funds they previously ran.

7. Fund Maturity: Due to historical market movements, and changes internal to the funds themselves, the period over which performance data is compared is critical. To insure an adequate horizon, a mutual fund should be at least 5 years old. This would tend to encompass more than one market cycle, hopefully both a positive and negative one.

8. Quartile Ranking: A measure of the funds performance against its peer group is one of the best measures of its performance. A mutual fund having a position in the upper quartile of its peer group 3 out of the last 5 years indicates above average performance.

9. International Categories: Foreign and World funds may be considered for a client portfolio. The fund must maintain a minimum of 85% of its holdings in foreign equities. If the foreign investment is less than this, an adjustment may be made in other investments in the portfolio to compensate.

Mutual Fund Screen by Asset Class

INTERNATIONAL

--Median Market Cap > \$10 Billion

--Price to Book Ratio < 6

--Price to Earnings Ratio > 12

LARGE CAP VALUE

--Median market Cap > 15 Billion

--Price to Book Ratio < 6

--Price to Earnings Ratio <12

LARGE CAP GROWTH

--Median Market Capitalization > 15 Billion

--Price to Book Ratio < 5

--Price to Earnings Ratio > 12

SMALL CAP VALUE

- Median Market Cap < 1 Billion**
- Price to Book Ratio < 6**
- Price to Earnings Ratio < 12**

SMALL CAP GROWTH

- Median Market Cap < 1 Billion**
- Price to Book Ratio > 6**
- Price to Earnings Ratio > 12**

Stocks

The management of individual stocks is a much more involved process. Certain technical and fundamental measures are used to determine the appropriate action to take with each position. Stop-loss trades may be placed on each stock position at the client's request, 15% below the price for which it was purchased. This is to protect against sudden drop in share price due to unforeseen circumstances. If the price moves up, the stop loss is adjusted accordingly. Should the price move down, the stop loss price is maintained until such time as the stock prices moves below the stop price and the trade is placed. Other considerations, such as potential capital gains, may preclude the use of stop loss trades.

TECHNICAL INDICATORS

50 and 200 Day Moving Averages:

When the 50 Day Moving Average crosses the 200 Day Moving Average in an upward direction, it is considered a 'Buy' circumstance.

When the 50 Day Moving Average crosses the 200 Day Moving Average in a downward direction, it is considered a 'Sell' circumstance.

Stochastic Momentum:

Buy when the Stochastic falls below 20.

Sell when the Stochastic rises above 80. 100 would indicate the stock is getting very expensive.

FUNDAMENTAL INDICATORS

A Company Must Have:

A Dividend Payment Record consistent or increasing for 5 years.

Revenue:

- **Increase 30% YOY**
- **Three quarters or more of increasing revenue**
- **Earnings per Share (EPS): increase 30% YOY**
- **Projected Earnings Growth (PEG): 5 or less based on the P/E projection for the next 12 months**
- **Price Trend, better than peer group**
- **Price/Sales ratio, lower than peer group**

Fixed Income

There are two critical reasons to have fixed income in a portfolio. The first is to reduce volatility due to the lower standard deviations associated with fixed income instruments. The second is to produce income through interest payments.

In general, many factors are reviewed when evaluating fixed income securities for a client:

Coupon: The coupon determines what interest will be paid on the money being lent the issuing company.

Maturity: The longer the maturity, the more bonds act like stock. While we utilize three categories of maturity, short, intermediate and long, we tend to focus on short-term and intermediate bonds, 1 to 7 year maturities.

Yield to Maturity: The yield that would be realized on a fixed income security if it was held until the maturity date.

Quality: The credit rating of the issuing company determines the risk and thus the price of the bond. A credit quality of AA or above is desired.

Callable: If the bond is callable by the issuer, it may be difficult to replace the bond with as favorable an interest rate as that being paid on the original bond. Non-callable bonds provide more reliability when building a portfolio.

Education and Business Standards

Code of Ethics

Leahy & Clair adopts the Association of Investment Management and Research (AIMR) Code of Ethics and Standards of Professional Conduct as well as the CFP Board of Standards Code of Ethics and Professional Responsibility. As an RIA firm, we are held to these higher fiduciary standards; as professionals, we embrace these standards as the foundation of how we conduct our business.

- a. Act with integrity, competence, dignity, and in an ethical manner when dealing with the
- b. public, clients, prospects, employers, employees, and fellow financial professionals.
- c. Practice and encourage others to practice in a professional and ethical manner that will reflect credit on financial advisors and their profession.
- c. Strive to maintain and improve their competence and the competence of others in the profession.
- d. Use reasonable care and exercise independent professional judgment.

It is the responsibility of the Firm's Chief Compliance Officer (CCO) to provide a copy of the Code of Ethics and Standards of Conduct to each employee and to conduct an annual review of the same with those employees.

Participation or Interest in Client Transactions and Personal Trading:

Although certain officers and employees sometimes purchase or sell securities that we recommend to clients, such purchases and sales are affected in accordance with our Insider Trading Policy and Code of Ethics. In general, such policy provides that no employee can direct the purchase or sale of any security while it is being traded by us or deemed to be restricted by us. In addition, no employee trading is permitted while a security is being considered for inclusion in the list of securities currently being held in client accounts.

Clients and prospective clients can obtain a copy of our Code of Ethics (which includes Insider Trading Policy) and compliance policies and procedures by calling (804) 794-1981, by e-mail: services@leahyandclair.com, or by visiting our website at www.leahyandclair.com.

Trading in other securities is permitted with prior approval, although certain transactions do not require prior approval, including on-going participation in an issuer's dividend or stock purchase plan, any transaction over which the employee did not have any direct or indirect influence or control, involuntary transactions, such as mergers, inheritances and gifts and transactions involving the purchase and sale of certain debt instruments and of open-end investment companies so long

as we are not adviser or sub-adviser to such investment company. Employees are required to report all personal securities transactions, and such reports are reviewed regularly. To ensure that each of our officers and employees strictly adheres to the highest standards of conduct and integrity in conducting business on behalf of our clients, they each sign our Code of Ethics.

Education and Business Background

Leahy & Clair requires its advisors to hold a minimum of a Bachelors degree from an accredited university, as well as demonstrated technical competency by achieving industry recognized licensing and experience.

Managing Partners

Thomas M. Leahy III, RFC®, AAMS

BFA - University of Florida

MA - University of Oklahoma

Managing Partner, Leahy & Clair Financial Management, 2009 - present; Vice President, Deckert Leahy, 2000-2009; Director of Operations, Deckert & Associates, Inc., 1995-1999; Registered Principal, Securities America, Inc., 1999-2001; Registered Representative, IFG Network Securities, 1994-1997; Registered Representative, Securities America, 1997-1999; Registered Representative, Edward D. Jones, 1994; Officer, US Army, 1974-1994.

The REGISTERED FINANCIAL CONSULTANT (RFC®) is a professional designation awarded by the IARFC to financial advisors who meet high standards of education, experience and integrity and previously earned either a securities/insurance license, or one of the following: CPA, CFA®, CFP® certification, CLU, ChFC, J.D., EA or RHU.

The IARFC is a non-profit professional credential organization formed to foster public confidence in the financial planning profession, to help financial advisors exchange planning techniques, and to recognize practitioners who are truly committed to ethical standards and continuous professional education.

1. Experience. Applicant must have a minimum of four years experience as a full-time practitioner or educator in the field of financial planning or financial services.

2. Education. Applicant must have earned a baccalaureate or graduate degree in financial planning services with strong emphasis in subjects relating to economic, accounting, business, statistics, finance, and similar studies; or have earned one of the following professional degrees or

designation: AAMS, CFA, CFP®, ChFC, CLU, CPA, EA, JD, or completed a CFP® equivalent or IARFC approved curriculum at an accredited college or university. The new Financial Planning Process™ course curriculum qualifies.

3. Examination. The educational curriculum must have included a written examination process. If not, an experienced candidate must pass an RFC challenge examination.

4. Licensing. Applicant must have met local licensing requirements for all products offered, such as securities, life and health insurance; or an applicant who is a fee-only planner or trust officer and is not licensed must submit information on the applicant's RIA or ARIA affiliation or business conduct procedures.

5. Integrity. Applicant must have a clean record of personal and business integrity with no suspensions or revocation of any professional licenses.

6. Ethics. Applicant must subscribe and continually adhere to the RFC Code of Ethics.

7. Continuing Education. All members must conduct a minimum of 40 hours per year of Professional Continuing Education in the field of personal finance and professional practice management.

8. Ethics CE. Must complete an IARFC approved CE course or curriculum on operational ethics and standards of conduct consisting of two units every two years.

9. Compliance. Annually the RFC® must provide assurance of continued compliance and operation.

10. Plan Writing Capacity. Must provide evidence that the member can produce a high-quality personal financial plan.

The ACCREDITED ASSET MANAGEMENT SPECIALISTSM designation is awarded by the College for Financial Planning to investment professionals who complete its 12-module AAMS® Professional Education Program, pass an examination, commit to a code of ethics and agree to pursue continuing education.

John B. Clair, CFP® NAPFA-Registered Financial Advisor

BS Finance – Virginia Tech

Managing Partner, Leahy & Clair Financial Management 2009 – present ; Director of Financial Planning and Investments, Deckert Leahy, 2008-2009; Financial Analyst, Genworth Financial, 2003-

2008; Financial Analyst, Degussa Goldschmidt, 2003; Financial Analyst, General Electric Corp, 1997-2003.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- **Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.
- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world.
- **Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year).
- **Ethics** – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- **Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional*

Conduct, to maintain competence and keep up with developments in the financial planning field.

- **Ethics** – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

NAPFA REGISTERED FINANCIAL ADVISOR has met the stringent criteria set forth by the National Association of Personal Financial Advisors. NAPFA is the nation's leading organization dedicated to the advancement of Fee-Only comprehensive financial planning. Consumers and the media look to NAPFA for access to financial advisors who meet the highest standards for professional competency, comprehensive financial planning and Fee-Only compensation.

Standards of Membership and Affiliation: Applicants for any category of membership (Members) or affiliation (Affiliates) with NAPFA must meet the following standards to be considered for admission, and must continue to abide by such standards in order to maintain eligibility and good standing in NAPFA.

1. NAPFA defines a Fee-Only financial advisor as one who is compensated solely by the client with neither the advisor nor any related party receiving compensation that is contingent on the purchase or sale of a financial product. Neither Members nor Affiliates may receive commissions, rebates, awards, finder's fees, bonuses or other forms of compensation from others as a result of a client's implementation of the individual's planning recommendations. "Fee-offset" arrangements, 12b-1 fees, insurance rebates or renewals and wrap fee arrangements that are transaction based are examples of compensation arrangements that do not meet the NAPFA definition of Fee-Only practice. If you have questions about specific compensation arrangements, please contact the NAPFA Membership Manager.

2. Neither a member nor an affiliate may own more than a 2% interest in, or be employed by, a financial services industry firm (see definition below) that receives transaction based compensation as prohibited by the NAPFA Standards of Membership and Affiliation.

A related party (see definition below) to a member or an affiliate may not own more than a 2% interest in a financial services industry firm that receives transaction based compensation as prohibited by NAPFA; and to whom the member or affiliate makes referrals or otherwise directs

business. Financial services industry firm includes any entity or individual that offers any type of financial service, e.g., securities broker or dealer, investment adviser, asset manager, investment company, banking institution, savings institution, trust company, mortgage bank, credit union, savings and loan association, insurance broker or dealer or agent, real estate broker or agent, commodities broker or dealer or agent. Related party means a household member with whom a member or affiliate shares income or economic benefits. If you have questions about prohibited relationships please contact the NAPFA Membership Manager.

3. Compliance with NAPFA standards and industry regulations Members and Affiliates

- **Must abide by the NAPFA Code of Ethics, Standards of Membership and Affiliation, Bylaws, resolutions adopted by the Board and all rules set forth in the NAPFA Policies and Procedures Manual.**
- **Agree to comply with all federal and state statutes, rules, regulations, administrative and judicial rulings, and other authorities applicable to the provision of financial planning or advisory related services.**
- **Agree that they will make all appropriate filings, amendments and renewals as appropriate to required filings with regulatory authorities. This shall include, but is not limited to, Form ADV. As a condition of NAPFA membership, any and all Form ADV filings may be reviewed by the Membership Task Force.**

4. Prompt notification of certain disciplinary and legal events

Members and Affiliates have a continuing obligation to inform the NAPFA National Office, in a prompt manner and in writing, of significant disciplinary and legal events. These events include, but are not limited to, the following:

- **Any disciplinary inquiry or proceeding initiated by any federal, state or local civil or criminal authority or regulatory body, including any inquiry or proceeding relating to the firm with which the individual is associated;**
- **Any disciplinary inquiry or proceeding initiated by a credentialing or membership organization or authority to which the individual is subject, e.g., Certified Financial Planner Board of Standards, State Board of Public Accountancy;**
- **Any bankruptcy, receivership, or other type of assignment or arrangement for the benefit or protection of creditors of the individual or any entity in which the individual holds an interest of 5% or more.**

Disciplinary Information

N/A

Other Business Activities

Thomas M. Leahy III, owns and operates a separate company, Campus Financial, which provides analyses of student financial aid eligibility and assistance with the college admissions processes. Less than 3% of the Leahy's time is spent on the management of this company.

Other Financial Industry Activities or Affiliations

N/A

Participation or Interest in Client Transactions

Brokerage Practices: Leahy & Clair participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional Services is a division of TD Ameritrade Inc. ("TD Ameritrade"), an FINRA/SIPC member. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers services to independent investment advisors, which include custody of securities, trade execution, clearance and settlement of transactions. Leahy & Clair receives some benefits from TD Ameritrade through its participation in the program.

Leahy & Clair participates in TD Ameritrade's institutional customer program and Leahy & Clair may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Leahy & Clair's participation in the program and the investment advice it gives to its clients, although Leahy & Clair receives economic benefits through its participation in the program. These benefits include: receipt of duplicate client confirmations; access to a trading desk serving Leahy & Clair participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, technology, and practice management products or services provided to Leahy & Clair by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Leahy & Clair's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Leahy & Clair but may not benefit its Client accounts. These products or services may assist Leahy & Clair in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Leahy & Clair manage and further develop its business enterprise. The benefits received by Leahy & Clair or its personnel through participation in the program do not

depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Leahy & Clair endeavors at all times, to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Leahy & Clair or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Leahy & Clair's choice of TD Ameritrade for custody and brokerage services.

Leahy & Clair pays all trading costs in its managed accounts, there should be no concern on the part of the client regarding Leahy & Clair's reasoning for choosing a certain broker with regard to best execution. The exception is the limited purchase of fixed income securities, for which we rely on the fixed income desk at TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC, for best execution. As such, the client may pay commissions higher than those obtainable from other brokers.

This greatly limits the brokerage available to benefit Leahy & Clair as described above. At the same time, however, the assumption of ticket charge costs on the part of the Leahy & Clair is irrelevant to the investment decisions made on behalf of the client. The selection of securities is based solely on the merits of the investment and its appropriateness for the client. As such, the aggregation of orders across accounts, if utilized, is done for the efficiency achieved and not due to any economic benefit derived from block trading.

Conditions for Managing Accounts

Brokerage accounts are held at TD Ameritrade and the client gives Leahy & Clair limited discretionary authority to act on their behalf by trading securities in their accounts within the parameters set forth in the signed IPS. Discretion is limited to directing the deposit of funds to their accounts and withdrawal of funds delivered to the client, unless otherwise directed by the client in writing. Access to a client's account information for these purposes, falls under the discretionary authority.

Leahy & Clair has no minimum account size requirement to provide investment management services, however there is a minimum annual fee which must be met.

Review of Accounts

As part of Leahy & Clair's investment management process, household portfolios and those accounts making up those portfolios are reviewed on a monthly basis by the Leahy & Clair Investment Committee headed by the Managing Partners, Thomas Leahy and John Clair. This review includes but is not limited to the overall performance of the portfolio as compared to its aggregated benchmark, individual investment returns and required rebalancing across asset classes represented in the model portfolio.

Client portfolios are also reviewed as part of ongoing client meetings, which take place at least twice a year. Elements reviewed are the same as discussed above as well as any planning consideration that might need to be addressed at the time.

Leahy & Clair provides monthly performance reports to its clients, which includes a summary of performance, comparing the portfolio return to its blended benchmark return; performance by account, by investment; and rebalancing, comparing percentages of assets classes represented in the actual and model portfolios.

Client Referrals and Other Compensation

N/A

Custody

Leahy & Clair does not have custody of client funds as they are held at TD Ameritrade or similar custodians such as insurance or trust companies. However, possession of a client's personal web site access information for the purpose managing accounts may be interpreted as having custody should that access allow Leahy & Clair the ability to transfer funds to someone other than the client. By signing a supplement to the Investment Advisory Agreement, the client authorizes Leahy & Clair use of client's ID and password for the sole purpose of obtaining transactional information for reporting and reallocation of investments as deemed necessary to manage the account within the parameters set forth in the signed IPS.

Investment or Brokerage Discretion

Investment Discretion

Upon receiving written authorization from the client, the applicant's associated persons may manage client assets on a limited discretionary basis. When they do so, their discretionary authority is limited and prohibits them from withdrawing funds and/or securities from client accounts. In addition, discretionary trading authority is limited to stocks, bonds, no-load mutual funds, load funds at NAV, Exchange Traded Funds, and exchanges in variable annuity sub-accounts. See also *Conditions for Managing client Accounts*.

Voting Client Securities

Leahy & Clair does not vote proxies on behalf of their clients, but upon request, will provide advice to clients regarding issues presented to the shareholder for their vote.

Financial Information

N/A

Requirements of State-Registered Advisors

N/A