

Woodbury Financial Services, Inc.

Investment Advisory Services Brochure

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Woodbury Financial Services, Inc.
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This brochure provides information about the qualifications and business practices of Woodbury Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at 1-800-800-2638. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Woodbury Financial Services, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Woodbury Financial Services, Inc. refers to itself as a “registered investment adviser”. Registration does not imply a certain level of skill or training, but rather refers to the fact that Woodbury Financial Services, Inc. has registered with the Securities and Exchange Commission as a firm providing investment advisory services.

MATERIAL CHANGES

The last update of this brochure was dated September 30, 2011. In the past we have offered or delivered information about our brochure on at least an annual basis. Pursuant to new SEC Rules, Woodbury will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. Our fiscal year-end is December 31st. Woodbury may further provide other ongoing disclosure information about material changes as necessary.

The following material changes have been made to this brochure:

"Financial Industry Regulatory Authority ("FINRA") (January 2012) Woodbury, in its capacity as a broker-dealer, signed a letter of acceptance, waiver and consent for failure to establish, maintain and enforce an adequate supervisory system from January 2008 through May 2009 to review equity trades for excessive trading and consequently did not detect a registered representative who entered excessive and discretionary trades in two customer accounts, as required under NASD Rules 3010 and 2110 and FINRA Rule 2010. Woodbury paid a \$45,000 fine and has enhanced its supervisory system and procedures relating to equity trading review."

SEC rules require that we provide you a summary of material changes made to our brochure and an explanation of these changes. We will also tell you the date of the last update to the brochure. You will receive these updates annually by April 30 of each year or more often if necessary.

You may request our brochure by calling 1-800-800-2638 or by emailing riaoperations@woodburyfinancial.com

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Advisory Business

A. GENERAL DESCRIPTION OF WOODBURY FINANCIAL SERVICES, INC.

Woodbury Financial Services, Inc. (“Woodbury” or the “Firm”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as both a broker-dealer and as an investment adviser, and is a member of the Financial Industry Regulatory Authority (“FINRA”). Woodbury’s registration with the SEC as an investment adviser became effective September 19, 1997. Registration as an investment adviser does not imply a certain level of skill or training. Woodbury is an indirect wholly owned subsidiary of The Hartford Financial Services Group, Inc. “The Hartford”).

Woodbury operates as an independent retail broker-dealer and investment adviser. The Firm provides financial products and services and serves its financial services customers through approximately 1700 registered representatives (the majority of whom are independent contractors) who are registered with FINRA of which approximately 700 of these registered representatives are also registered as investment adviser representatives (“Advisers”) within the states where they conduct business.

When Advisers are providing investment advisory services, they receive advisory fees and are acting as fiduciaries to their clients. As fiduciaries, Advisers are required to act in the best interest of the client. When Advisers are acting as registered representatives for Woodbury’s broker-dealer activities, they are acting as sales representatives and are compensated based on commissions for the products they sell. Please see “Fees and Compensation” below for additional information related to compensation practices.

B. TYPES OF INVESTMENT ADVISORY SERVICES OFFERED

Woodbury, through its Advisers, offers a wide range of investment advisory products and services. The individual products and services offered by an Adviser will vary. Woodbury as a firm does not have a specialization, but individual Advisers may focus or specialize on certain products and services over other types of products and services. The following are some of the general services our Advisers may offer:.

1. Acting as the sponsor or manager of accounts in which there is a combined fee for, among other things, investment advice and trade execution (“Wrap Fee Programs”). Further information concerning these sponsored Wrap Accounts is available in the applicable disclosure brochures known as Form ADV Part 2A Appendix 1. Please ask your Adviser for a copy of that disclosure brochure for further information related to Wrap Fee Programs.
2. Acting as a solicitor to refer prospective clients to other investment advisers that offer various investment products and services (“Solicitor Arrangements”).
3. Providing investment supervisory services and investment advice along with other third-party investment advisers unaffiliated with Woodbury in accounts in which Woodbury, its Advisers and the third-party adviser each receive a fee for the investment advice provided (“Co-Advisory Accounts”).
4. Providing various financial planning and consulting services for an investment advisory fee to individuals, businesses and retirement plan sponsors.
5. Conducting impersonal advisory seminars for an investment advisory fee.

Each advisor associated with Woodbury has the ability to choose which product or service is most appropriate when analyzing investment products and strategies for clients.

Further information concerning Solicitor Arrangements, Co-Advisory Accounts, financial planning and consulting services and seminar activity is set forth below. As noted above, please ask your Adviser for the firm's ADV Part 2A Appendix 1 for information related to the firm's Wrap Fee Programs.

Woodbury does not provide tax or legal advice and will not advise or act on behalf of a client in legal proceedings, class actions or bankruptcies.

C. REFERRALS TO OTHER INVESTMENT ADVISERS/SOLICITOR ARRANGEMENTS

Woodbury has agreements with a number of third-party independent registered investment advisers. Under the agreements, Woodbury and its Adviser receive a referral fee for referring a client to the investment adviser. These Solicitor Arrangements allow Woodbury and its Advisers to offer access to independent and unaffiliated registered investment advisers that offer a wide selection of investment products and services that include, but are not limited to: wrap accounts, unified managed accounts, separately managed accounts, money manager selection, securities analysis, discretionary money management, overlay management, asset allocation modeling, and asset allocation rebalancing.

Normally, Woodbury's Adviser will perform the following services when he/she refers a client to one of these third-party investment advisers:

1. Provide clients with general education materials that explain the potential benefits and applicable risks of the investments;
2. Assist clients with determining and understanding their investment objectives and/or risk tolerance by helping them complete a required questionnaire;
3. Assist clients with the preparation of account opening documents; and
4. Contact clients to determine whether there have been any material changes to the client's financial information, risk tolerance and/or investment objectives.

When referring clients to third-party investment advisers, the Adviser is required to provide the client with the third-party investment adviser's disclosure statement, which describes the Solicitor Arrangement between Woodbury and the third-party investment adviser, including a description of the referral fee the third party investment adviser pays Woodbury and the Adviser. If a client opens an account with a third-party investment adviser, the client's account is subject to the third-party investment adviser's contract and the disclosure information contained in the applicable third-party adviser's disclosure brochure. In Solicitor Arrangements, the advisory relationship is not between the client and Woodbury; rather it is between the client and the third-party investment adviser. Any client dispute or question regarding the negotiability of fees, when fees are paid, whether fees are paid prior to services being rendered, how an account is terminated, or how fees are refunded upon account termination must be raised with the third-party investment adviser directly. In most instances, the third-party investment adviser is responsible for determining whether the account is suitable for the client in addition to opening the account when appropriate. Please consult the applicable third-party adviser's agreement and/or disclosure brochures for further information.

Under these Solicitor Arrangements with third-party advisers, clients may impose reasonable restrictions on the account management, including the designation of particular securities or types of securities that should not be purchased or that should be sold if held in the account.

In Solicitor Arrangements, neither Woodbury nor its Advisers are required to and, therefore, **will not**: (a) monitor individual investments, (b) monitor portfolios, (c) monitor material changes in the client's unique financial or demographic situation, (d) provide asset allocation or securities advice, (e) advise on tax consequences, (f) monitor or advise on the account's continued compliance with the stated investment objective and risk tolerance, or (g) provide any additional advisory services above and beyond initially

recommending the third-party investment adviser to the client.

Some third-party advisers reimburse Woodbury a marketing allowance used in connection with advisory products and services. In addition, some third party advisers reimburse Advisers for the cost of educational and marketing materials used in connection with the advisory products and services offered. Therefore, Woodbury and its Advisers may have a **financial incentive** to recommend one type of third party adviser account over another. Prospective clients should consider the various costs and expenses of similar programs before choosing a third party investment adviser's products. Advisers receive training on all advisory products and services, including recommending products and services based on the clients needs.

Woodbury and its Advisers are not liable for any loss, liability, claim, damage, or expense arising out of, or attributable to, a misstatement or omission contained in the third party investment adviser's client contract, disclosure brochure, or other written disclosure document.

D. CO-ADVISORY ACCOUNTS

Woodbury contractually partners with select third-party advisers to offer certain Co-Advisory Accounts. In a Co-Advisory Account, Woodbury and its Advisers will provide a client with certain advisory services, while the applicable third-party adviser will provide the client with certain other investment advisory services.

Clients will pay Woodbury and the third-party advisers differing fees based on the Co-Advisory Account program selected. In addition, some Co-Advisory Account sponsors reimburse Advisers for the cost of educational and marketing materials used in connection with the advisory products and services offered. Therefore, Woodbury and its Advisers may have a **financial incentive** to recommend one type of Co-Advisory Account over another. Prospective clients should consider the various costs and expenses of similar programs before choosing a third party investment adviser's Co-Advisory products. Advisers receive training on all advisory products and services, including recommending products and services based on the clients needs.

In Co-Advisor Accounts, clients may impose reasonable restrictions on the account management, including the designation of particular securities or types of securities that should not be purchased or that should be sold if held in the account.

Clients should review the third party investment adviser's disclosure brochure and applicable client agreement for information related to the third party investment adviser's fees and services, account termination provisions, and minimum investment requirements. Woodbury's portion of the Co-Advisory fee is negotiated by the Woodbury Adviser. Clients may be able to negotiate the fees they pay to the third party investment adviser.

You should refer to the Co-Advisory Account program sponsor's disclosure brochure and applicable client agreement for information related to: (i) the investment adviser's fees and services, (ii) account termination provisions, and (iii) minimum investment requirements. Woodbury and its Advisers are not liable for any loss, liability, claim, damage, or expense arising out of, or attributable to, a misstatement or omission contained in the third-party adviser's disclosure brochure, client agreement and/or other material.

The advisory services provided by Woodbury with respect to each Co-Advisory Account program are discussed more fully below.

i. GENWORTH FINANCIAL WEALTH MANAGEMENT, INC. (“GENWORTH”)

Woodbury has two separate relationships with Genworth, a Solicitor Arrangement, as described above in Section C. of this Advisory Business Section, and a Co-Advisory Account program relationship as described immediately above. In the Co-Advisory Account, the Woodbury Adviser may perform any or all of the following services:

1. Assist in the completion of account paperwork, including determining the client’s risk profile;
2. Recommend money managers on a non-discretionary basis (i.e., the client must approve the use of such money managers);
3. Recommend model portfolios on a non-discretionary basis (i.e., the client must approve the model portfolio selected);
4. Approve recommendations to rebalance the portfolio;
5. Recommend the timing of the sale of securities for the purposes of creating a tax loss that will be used to offset a capital gain – specifically a short term capital gain that is taxed at a higher federal income tax rate than a long-term capital gain.
6. Recommend the family of mutual funds used as underlying securities by the money managers (i.e. the model portfolio).

Genworth acts as sponsor for the following platforms: (a) Mutual Fund/Variable Annuity account, (b) Exchange Traded Fund account, (c) Individually Managed Account, and (d) the Consolidated Managed Account. Each platform is further explained in the applicable Genworth disclosure documents. Because the Woodbury Adviser performs different types of services with respect to each type of account, the portion of the fees Woodbury and its Advisers receives are negotiated and differ based on the type of program selected. All fees are a percentage of the assets held within the account (expressed as basis points (“bps”). The maximum fees Woodbury and its Advisers receive for the various Genworth programs are provided below.

a. Mutual Fund/Variable Annuity Account

Fees when GuideMark mutualfunds are **NOT** chosen

Account Assets	\$0 – \$250,000	\$250K - \$500K	\$500K - \$1M	\$1M - \$2M	\$2M +
Maximum Fee (in bps)	1.50 %	1.35 %	1.15 %	.85 %	.55 %

Fees when GuideMark mutual funds are chosen

Account Assets	\$0 – \$250,000	\$250K - \$500K	\$500K - \$1M	\$1M - \$2M	\$2M +
Maximum Fee (in bps)	1.95 %	1.80 %	1.60 %	1.30 %	1.00 %

Please note that Genworth is the underwriter of GuideMark mutual funds. When GuideMark funds are selected, Genworth waives their portion of the program fee because they are compensated through the management fees charged by the GuideMark funds. While the cost to the client may be the same whether GuideMark mutual funds are used or not, the Adviser may have a financial incentive to recommend the use of GuideMark funds because the Adviser has the ability to increase their portion of the program fee.

b. Exchange Traded Fund Account

Account Assets	\$0 – \$1M	\$1M - \$3M	\$3M - \$5M	\$5M +
Maximum Fee (in bps)	1.10 %	.85 %	.70 %	.60 %

c. Individually Managed Account

Account Assets	\$0 – \$1M	\$1M - \$3M	\$3M - \$5M	\$5M +
Maximum Fee (in bps)	1.10 %	.85 %	.70 %	.60 %

d Consolidated Managed Account

Account Assets	\$0 – \$1M	\$1M - \$3M	\$3M - \$5M	\$5M +
Maximum Fee (in bps)	1.00 %	.75 %	.60 %	.20 %

With respect to all of the Genworth Co-Advisory Account programs, Woodbury’s supervisory principals (“Supervisory Principals”) review and approve new accounts at account establishment, which includes reviewing the appropriateness of the money manager(s) and related model portfolio or other investment selected for the account. Genworth is responsible for the ongoing model maintenance and manager due diligence. The Woodbury Adviser will periodically review the appropriateness of the model/manager for the account going forward based on the client’s overall financial situation.

ii. LOCKWOOD ADVISORS, INC. (“LOCKWOOD”)

With respect to Lockwood Co-Advisory Accounts, the Woodbury Adviser may perform any or all of the following services:

1. Assist in the completion of account paperwork, including determining the client’s risk profile;
2. Recommend money managers on a non-discretionary basis (i.e., the client must approve the use of such money managers);
3. Recommend model portfolios on a non-discretionary basis (i.e., the client must approve the model portfolio selected);
4. Recommend securities to match the model portfolio;
5. Approve timing recommendations to rebalance the portfolio; and
6. Recommend the timing of the sale of securities for the purposes of creating a tax loss that will be used to offset a capital gain – specifically a short term capital gain that is taxed at a higher federal income tax rate than a long-term capital gain.

Lockwood acts as sponsor for the following platforms: (a) Separately Managed Account, (b) Lockwood Asset Allocation Portfolio Account, (c) Lockwood AdvisorFlex Portfolio and (d) the Lockwood Investment Strategies account. Since the Woodbury Adviser performs different types of services with respect to each type of account, the portion of the fees Woodbury and its Advisers receives are negotiated. The fees vary based on the type of account the client selects. All fees are a percentage of the assets held within the account (expressed as basis points (“bps”)). The maximum fees Woodbury and its Advisers receive on the various Lockwood accounts are provided below.

a. Sep

Account Assets	\$0 – \$499,999	\$500,000 - \$999,999	\$1M+
Maximum Fee (in bps)	1.80 %	1.55 %	1.20 %

b. AdvisorFlex Portfolio

Account Assets	\$0 – \$499,999	\$500,000 - \$999,999	\$1M+
Maximum Fee (in bps)	1.80%	1.55 %	1.20 %

c. Lockwood Asset Allocation Portfolios

Account Assets	\$0 – \$499,999	\$500,000 - \$999,999	\$1M+
Maximum Fee (in bps)	1.50 %	1.25 %	1.00 %

d. Lockwood Investment Strategies

Account Assets	\$0 – \$499,999	\$500,000 - \$999,999	\$1M+
Maximum Fee (in bps)	1.50 %	1.25 %	1.00 %

With respect to all of the Lockwood Co-Advisory Accounts, Woodbury’s Supervisory Principals review and approve new accounts at account establishment which includes reviewing the appropriateness of the money manager(s) and related model portfolio selected and perform certain periodic ongoing reviews of accounts including, with respect to the Separately Managed Account, reviewing the appropriateness of changes in a money manager(s) or, with respect to the AdvisorFlex Portfolio, Lockwood Asset Allocation Portfolio and Lockwood Investment Strategies, reviewing the appropriateness of changes in the model portfolio recommended by Lockwood. Lockwood is responsible for the ongoing model maintenance and manager due diligence. The Woodbury Adviser will periodically review the appropriateness of the model/manager for the account going forward based on the client’s overall financial situation.

iii. LWI FINANCIAL, INC. (“LORING WARD”)

With respect to Loring Ward accounts, the Woodbury Adviser may perform any or all of the following services:

1. Assist in the completion of account paperwork, including determining the client’s risk profile;
2. Recommend model portfolios on a non-discretionary basis (i.e., client must approve the model portfolio selected);
3. Recommend securities to match the model portfolio;
4. Approve timing to rebalance the portfolio; and
5. Recommend the timing of the sale of securities for the purposes of creating a tax loss that will be used to offset a capital gain – specifically a short term capital gain that is taxed at a higher federal income tax rate than a long-term capital gain.

Loring Ward acts as sponsor for a non-discretionary wrap account. The portion of the fees Woodbury and its Advisers receives is negotiated. The fee is a percentage of the assets held within the account (expressed as basis points (“bps”)). The maximum fees Woodbury and its Advisers receive from Loring Ward accounts are provided below.

Account Assets	\$0 – \$500,000	\$500,000 - \$1,000,000	\$1M - \$5M	\$5M +
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Maximum Fee (in bps)	1.80 %	1.55 %	1.20 %	0.65 %
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Woodbury's Supervisory Principals will review and approve new Loring Ward accounts and perform certain periodic ongoing reviews of accounts, including, but not limited to: reviewing accounts for excessive trading over an extended period of time, changes in the percentage of the asset classes a client is invested in as a result of changes in the value of each asset class, and reviewing account concentrations in specific securities as well as an account's cash positions. Loring Ward will conduct rebalancing when elected by the client and the Woodbury Adviser.

iv. MANNING AND NAPIER ADVISORY ADVANTAGE CORP. ("MANNING")

With respect to Manning Co-Advisory Accounts, the Woodbury Adviser may perform any or all of the following services:

1. Assist in the completion of account paperwork, including determining the client's risk profile; and
2. Recommend Manning or non-Manning money managers on a non-discretionary basis (i.e., client must approve the use of such money managers).

Manning acts as sponsor for the following platforms: (a) the Separately Managed Account, and (b) the Integrated Advisers account. The Woodbury Adviser performs different types of services with respect to each type of account. The portion of the fees Woodbury and its Advisers receives is negotiated and differ based on each account type. The fee is a percentage of the assets held within the account (expressed as basis points ("bps")). The maximum fees Woodbury and its Advisers receive from Manning accounts are provided below.

a. Separately Managed Account

Account Assets	\$0 – \$1M	\$1M - \$5M	\$5M - \$10M	\$10M +
Maximum Fee (in bps)	1.25 %	1.10 %	0.60 %	0.55 %

b. Integrated Advisers

Account Assets	\$0 – \$1M	\$1M - \$5M	\$5M - \$10M	\$10M +
Maximum Fee (in bps)	1.25 %	1.10 %	0.60 %	0.55 %

Woodbury's Supervisory Principals review and approve new Manning accounts including reviewing the appropriateness of the money manager(s) and performing certain periodic ongoing reviews of accounts, including reviewing the appropriateness of changes in a money manager(s). Manning and Napier is responsible for the ongoing account maintenance and investment due diligence. The Woodbury Adviser will periodically review the appropriateness of the model/manager for the account going forward based on the client's overall financial situation.

v. SEI TRUST COMPANY ("SEI")

Woodbury has two separate relationships with SEI, a Solicitor Arrangement, as described above in Section C. of this Advisory Business Section, and a Co-Advisory Account program relationship. In the Co-Advisory Account relationship, the Woodbury Adviser may perform any or all of the following services:

1. Assist in the completion of account paperwork, including determining the client's risk profile;
2. Recommend money managers on a non-discretionary basis (i.e., client must approve the use of such money managers);

3. Recommend the timing to rebalance the portfolio;
4. Recommend “off-model” securities (i.e., securities not recommended by SEI) that conform with the model portfolio; and
5. Recommend the timing of the sale of securities for the purposes of creating a tax loss that will be used to offset a capital gain – specifically a short term capital gain that is taxed at a higher federal income tax rate than a long-term capital gain.

SEI acts as sponsor for the following platforms: (a) the Managed Account Program, and (b) the Integrated Managed Account. Since the Woodbury Adviser performs different types of services with respect to each type of account, the portion of the fees Woodbury and its Advisers receives are negotiated and differ based on the type of account. The fee is a percentage of the assets held within the account (expressed as basis points (“bps”)). The maximum fees Woodbury and its Advisers receive from SEI accounts are provided below.

a. Managed Account Program

Account Assets	\$0 – \$500K	\$500K - \$1M	\$1M - \$5M	\$5M - \$10M	\$10M +
Maximum Fee (in bps)	1.80 %	1.55 %	1.20 %	0.65 %	0.60 %

b. Integrated Managed Account Program

Account Assets	\$0 – \$500K	\$500K - \$1M	\$1M - \$5M	\$5M - \$10M	\$10M +
Fee (in bps)	1.70 %	1.45 %	1.10 %	0.60 %	0.55 %

With respect to both types of SEI’s Co-Advisory Accounts, Supervisory Principals of Woodbury review and approve new accounts, including reviewing the appropriateness of a money manager(s) and perform certain periodic ongoing reviews of accounts, including reviewing the appropriateness of changes in a money manager(s). SEI is responsible for the ongoing model maintenance and manager due diligence. The Woodbury Adviser will periodically review the appropriateness of the model/manager for the account going forward based on the clients’s overall financial situation.

E. FINANCIAL PLANNING AND CONSULTING SERVICES

Woodbury offers a variety of fee based financial planning and consulting services. These services include: (i) personal financial planning services for individuals and families, (ii) business planning and (iii) pension consulting to retirement plan sponsors. Each program’s services are more fully discussed below:

i. PERSONAL FINANCIAL PLANNING SERVICES

Woodbury offers comprehensive personalized financial planning to individuals and families. Woodbury’s standard service offering for Personal Financial Planning include:

- **Budget Evaluation:** Review known and anticipated assets, liabilities, personal income, and expenses for advice and provide education related to: (1) spending habits, savings, and investments, (2) net worth calculation, and/or (3) debt reduction or expansion strategies.
- **Education Funding:** Provide advice, education, and/or assistance regarding education funding including: (1) funding and investment options available to parents and students, (2) discuss how financial aid differs depending on the financial situation of the parent/guardian versus the student, and/or (3) evaluate current assets or registration of accounts to determine if they should be changed to fund education goals.
- **Estate Planning:** Advise, educate, and/or assist clients on how to transfer real and personal property at death to beneficiaries in a way that maximizes the value of such

assets by: (1) coordinating legal services and documents, (2) reviewing the potential tax treatment of estate assets, (3) reviewing the type and coverage of insurance, (4) recommending trusts or other vehicles to hold investment assets, (5) review beneficiary designations against the stated estate transfer objective, (6) calculate estimated estate, gift, or generation skipping tax to determine whether tax or legal advice may be warranted, (7) review whether certain assets may be subject to the probate process to ascertain whether tax or legal counsel may be warranted, (8) recommend strategies to avoid or reduce estate taxes, (9) recommend strategies to minimize the probate court's involvement, (10) discuss using legal forms such as wills and trusts, (11) discuss the benefits of using powers of appointment, (12) discuss gifting of assets, (13) discuss using different types of property ownership, (14) discuss using powers of attorney, (15) discuss living wills, (16) determine whether certain assets would subject to estate tax, and/or (17) discuss benefits of using mediated estate planning.

- **Financing:** Advise, educate, and/or assist client with a major purchase by: (1) determining the amount to be financed, (2) proposing strategies to achieve this goal, (3) determining financing options, (4) negotiating financial terms, and/or (5) creating various financing schedules.
- **Income Tax Review:** Advise, educate, and/or assist clients on whether a tax advisor or legal counsel could help them lower their tax liabilities by reviewing: (1) the potential tax impact on the sale of a security, (2) wash sales, (3) past income tax returns for potential errors, (4) using tax qualified product(s) or different registration of accounts, (5) deferral strategies, and/or (6) current tax withholding versus anticipated sources of realized income, tax credits, and tax deductions.
- **Investment Planning:** Investment advice related to: (1) setting investment goals and expectations, (2) creating or selecting an asset allocation model, (3) evaluating the client's risk tolerance risk and expected rate of return and comparing the client's current portfolio against the newly created or selected allocation model, and/or (4) recommending securities that conform to the model portfolio.
- **Retirement Planning:** Advise, educate, and/or assist client with their retirement needs by: (1) determining estimated income and debts before and after retirement, (2) analyzing the potential effects of inflation on investments and projected retirement funding, (3) evaluating if it is beneficial to move a qualified plan from a past employer, (4) evaluating if it is beneficial to convert any assets into a Roth IRA, (5) recommend an investment plan, (6) perform 72(t) distribution calculations, (7) review use of qualified products and account types, and/or (8) evaluate if there is a potential tax advantage of rolling the client's company stock out of a 401(k) plan.
Woodbury does not provide investment advice, as defined by ERISA, to individual plan participants for group retirement plan participants.
- **Risk Management:** Advise and educate client's on insurance needs or managing assets to mitigate credit and market risks.
- **Securities Evaluation:** Advise, educate, and/or assist clients on their securities holdings including: (1) evaluating any particular security, security sector, or portfolio of securities, (2) evaluating the overall fit of individual securities within a portfolio, (3) evaluating a client's overall portfolio, (4) reviewing the client's employee stock options and the impact of the exercise of such options, (5) recommending how to diversify concentrated stock positions, (5) advising on restricted stock compliance, (6) analyze general tax treatment of securities transactions, and/ or (7) analyze potential tax implication of inherited security positions.

Woodbury may, from time to time, provide services in addition to the Personal Financial Planning Services listed above. These additional services may or may not be considered investment advice as defined by the Investment Advisers Act of 1940.

ii. BUSINESS CONSULTING SERVICES

Woodbury offers the following Business Consulting Services:

- **Budget Evaluation:** Review known and anticipated assets, liabilities, revenue, and expenses and provide advice and education related to (1) net worth calculation, and/or (2) debt reduction or expansion strategies.
- **Financing:** Advise, educate and/or assist business with a large purchase by: (1) providing strategies for achieving financing goal, (2) reviewing financing options, (3) assisting in the negotiation of financial terms, and/or (4) creating various financing schedules.
- **Income Tax Review:** Advise, educate and/ or assist client in determining whether a tax advisor or legal counsel could help them lower their tax liabilities by reviewing: (1) the tax impact of adopting a corporate retirement plan or other employee benefits, (2) past tax returns for potential errors, (3) the potential tax impact on the sale of a security, (4) the impact and definition of wash sale rules, and/or (5) the tax implications of business succession and/or continuity planning.
- **Investment Planning:** Investment advice related to: (1) setting investment goals and expectations, (2) creating or selecting an asset allocation model, (3) evaluating the client's risk tolerance risk and expected rate of return and comparing the client's current portfolio against the newly created or selected allocation model, and/or (4) recommending securities that conform to the model portfolio.
- **Risk Management:** Advice related to: (1) business continuity planning and employee retention strategies using key person insurance, buy-sell arrangements, non-qualified deferred compensation programs, executive bonus plans and/or employee ownership plans (restricted stock, phantom stock, and stock options) and other benefits consulting, (2) business valuation, (3) techniques for measuring, monitoring, and controlling the financial risk on a firm's balance sheet, and/or (4) insurance recommendations (limited to: overhead, fiduciary liability, employee benefit liability, directors and officers liability, employee dishonesty coverage, employee practices liability, and business interruption).

iii. PENSION CONSULTING

Woodbury offers the following pension consulting services to retirement plan sponsors:

- **Enrollment and Participant Meetings:** Adviser may hold group enrollment meetings to educate plan participants on: (i) plan features, (ii) benefits and requirements of enrollment, (iii) enrolling in the plan; (iv) investing in the plan (NOTE: education on investing does not include analyzing any individual security nor specific investment recommendations to plan participants); and/or (v) services available to former plan participants as they separate from service.
- **General Education:** Provide written updates regarding legal, regulatory, and financial issues relevant and material to the plan sponsor. Any written materials provided are for general education purposes only and should not be considered tax or legal advice.
- **Investment Policy Statement:** Create new written investment policy statement or evaluate and make recommendations for any existing investment policy statement. The plan sponsor is responsible for the written evaluation of the investment policy statement or the implementation of such statement.
- **Plan Design or Replacement:** Advice related to: (i) written evaluation and recommendation for the design of a new plan, (ii) recommend changes, updates, or replacement of an existing plan, and/or (iii) assist with replacing the current plan product, vendor, and/or platform including: preparation of a Request for Proposals ("RFPs"), answering vendor or service provider questions regarding the RFP, and

- providing written evaluation and recommendations related to RFP responses.
- **Service Provider Liaison:** Advisor will act as a liaison to Service Providers. Neither Woodbury nor its Advisor has performed any initial and/or ongoing due diligence on any Service Provider (whether or not recommended by the Advisor). The Plan Sponsor retains discretion to hire or terminate any Service Provider.

Woodbury and its Advisers **do not** provide the following pension consulting services: (i) create the plan's trust or other legal document(s); (ii) create, submit or assist with completion of the 5500 or any other Internal Revenue Service or Department of Labor form; (iii) provide tax or legal advice, or (iv) provide discretionary money management. Woodbury and its Advisers do not provide investment advice as defined and interpreted under the Employee Retirement Income Security Act of 1975 ("ERISA"). Any and all services are provided on a non-fiduciary basis as defined and interpreted under ERISA.

iv. CONTRACT TERMINATION

Either Woodbury or the client may terminate a financial planning and/or consulting relationship contract at any time with written notice provided to the other party through registered mail or another traceable delivery option. In such cases, clients are entitled to a full refund of any prepaid, unearned fee.

v. OTHER INFORMATION ABOUT FINANCIAL PLANNING AND CONSULTING

Please note that any advice given verbally or any advice provided in a written deliverables involving an Adviser's judgment cannot be guaranteed for accuracy. There are no express or implied guarantees of performance for securities-related recommendations.

Woodbury and its Adviser(s) may provide financial services or offer investment advice to other clients, including the Adviser's own personal account(s), where the investment advice may differ from the advice given in the client's written deliverable.

When the Adviser sells products, he/she is acting as a registered representative rather than as an advisory representative of Woodbury. The registered representative and immediate members of his/her family may buy and sell securities for their own personal account. Securities advice given to a client may be similar or different from the securities purchased or sold in a registered representative's personal and/or familial accounts. Similarly, securities recommendations given to one client may be similar or different from investment recommendations given to another client.

Woodbury Advisers may engage in business activities that may have substantial overlap to the financial planning process. Some of these activities may include, but are not limited to: certified public accountant, lawyers, real estate agent, real estate appraisers, and mortgage brokers. Although, the ability to engage in outside business activities must be preapproved by Woodbury, outside business activities are NOT conducted on behalf of Woodbury and are separate from Woodbury's financial planning services or other investment advisory services. Therefore, they may require separate contracts and fees. Please ask your Adviser for further information related to his or her applicable outside business activities.

For clients who need services in addition to the financial planning and/or consulting services the Adviser provided, Advisers may recommend professionals to assist with these services. No client is obligated to use any professional recommended. Neither Woodbury nor its Advisers receive referral fees for making recommendations for other services. However, clients should understand that Advisers may, from time to time, receive a reciprocal recommendation for advisory services from the individuals that they recommend for such non-advisory services.

H. SEMINARS

Woodbury's Advisers hold investment related seminars and/or educational events to existing clients, prospective clients, and the general investing public. The seminars feature general investment-related advice for educational purposes and may include both securities and non-securities topics. No specific individualized investment advice regarding investment objectives or investment related needs of the attendees, listeners, or audience is rendered during seminars. However, participants are free to schedule meetings with the Adviser(s) in an effort to obtain personalized investment advice. Please see "Fees and Compensation" below for further details related to the investment advisory fee charged for these seminars.

I. ASSETS UNDER MANAGEMENT

As of December 31, 2011, Woodbury manages approximately \$14.7 million of client assets on a discretionary basis and approximately \$1.6 billion of client assets on a non-discretionary basis.

FEES AND COMPENSATION

The fee schedules for the Solicitor Arrangements and Co-Advisory Accounts are provided above in "Advisory Business". Fees are negotiable for each of Woodbury's investment advisory offerings. In addition to the information provided above, fees are generally calculated and billed as follows:

Fees are calculated consistent with the fee schedules listed above as a percentage of assets managed in Solicitor Arrangements or Co-Advisory Accounts. All Solicitor Arrangements and Co-Advisory account fees are calculated and deducted directly from the assets held with the applicable qualified custodian, in the account quarterly in advance, except for those fees assessed to accounts held with SEI. At SEI, fees are calculated and deducted directly from the assets in the account quarterly in arrears.

In addition to asset-based fees, other charges may be incurred, including custodial charges (costs for holding account assets at a particular brokerage firm) and/or transactional fees. Fees may be assessed for investment company products utilized by the Solicitor Arrangements or Co-Advisory Account investment managers. Examples of investment company products include, but are not limited to, mutual funds, unit investment trusts, real estate investment trusts, or exchange traded funds. To the extent that these charges exist, Woodbury or its Advisers do not accept compensation related to these charges in Solicitor Arrangements or Co-Advisory Accounts. To the extent that these charges exist in Woodbury sponsored wrap programs, Woodbury uses 12b-1 fees paid by mutual funds to offset program costs. In these instances, Woodbury representatives do not accept compensation related to these charges. Please consult the firm's Form ADV Part 2A Appendix 1 for further information related to fees and Wrap Fee Programs.

When fees are paid in advance, clients may request a refund for unearned fees in instances when an account is closed during the billing period, or when the client or Woodbury representative requests termination of billing on the account during the billing period. In these cases, refunds for unused fees will be calculated and paid pro-rata for the period of time during the billing period that advisory services were not provided. For example, if fees were paid by the client in advance for a calendar quarter, and the account was closed one month into that same quarter, a refund may be requested and paid for fees collected for the remaining two months of that quarter.

A. FINANCIAL PLANNING AND CONSULTING FEES

Financial Planning and Consulting Fees are negotiated by the client and generally may not exceed the applicable Maximum Fee Schedules provided below. Lower fees for comparable financial planning or consulting services may be available through sources other than Woodbury and its Advisers. In certain instances, the fee may exceed those stated but not without prior review and authorization from

supervisory personnel at Woodbury.

Please note, you have the option to purchase investment products that may be recommended as a result of financial planning recommendations through brokers or agents unaffiliated with Woodbury.

MAXIMUM FEE SCHEDULES					
Personal Financial Planning					
Hourly				Flat (per year)	
\$250.00				\$5,000.00	
Business Planning					
Hourly				Flat (per year)	
\$250.00				\$10,000.00	
Pension Consulting					
Hourly		Flat			
\$400.00	0 - \$1M	\$1M - \$3M	\$3M - \$5M	\$5M - \$10M	\$10 +
	1.5 %	1 %	.70 %	.35 %	.25 %

i. Flat Fee

A one-time flat fee is negotiated by the client and charged for each plan created. For personal financial planning, the maximum flat fee is \$5,000.00 per year other than as noted above. For business financial planning, the maximum flat fee is \$10,000.00 per year other than as noted above.

For Pension Consulting Services, the one-time flat fee is based on the estimated current assets within the retirement plan. The maximum flat fees are as follows:

Account Assets	0 - \$1M	\$1M - \$3M	\$3M - \$5M	\$5M - \$10M	\$10 +
Fee (in bps)	1.5 %	1 %	.70 %	.35 %	.25 %

After a contract has been executed between the client and the Adviser, fees may be charged to the client. Fees may be collected prior to any work commencing on the client's behalf, but the prepayment of such fees may not exceed six (6) months and \$1,200.00. Any financial planning or consulting services will be delivered within six months of the payment or the prepaid fee shall be refunded.

ii. Hourly Fee

When billing at an hourly rate, the Adviser will provide an estimate for the hours needed to create the written financial plan and/or to provide the agreed upon consulting services. Thereafter, the client will receive an itemized bill for the hours spent. Fees may be collected up front prior to any work commencing. Prepayment may not exceed six (6) months. Any financial planning or consulting services will be delivered within six months of the payment or the prepaid fee shall be refunded.

iii. Commission

Some Advisers will base fees on the **potential** for commission related to implementation of the plan in his or her registered representative capacity (sales of securities and insurance products or placement of assets with a third-party money manager). Payment based on commission is not available for Pension Consulting Services. If a client chooses to have the Adviser implement the plan, the Adviser will implement it as a registered representative or insurance agent, but will **not** be acting as your investment adviser. As discussed further below, you are not obligated to implement your financial planning recommendations through Woodbury or your Adviser.

B. SALES COMPENSATION IN ADDITION TO ADVISORY FEES

Clients should understand that financial planning and consulting services generally do not include the implementation of any recommendations, including the execution of securities transactions or the sale of insurance products. There is no implied or express obligation for the client to purchase or sell any insurance or securities product recommended in a verbal or written financial plan or consulting services through Woodbury or its Adviser(s). Financial planning clients are under no obligation to use the Adviser(s) or any other person or entity related to Woodbury to implement the plan recommendations. Therefore, clients have the option to purchase investment products recommended in the financial plan using other brokers or agents that are not affiliated with Woodbury. Other broker-dealers may charge a lower commission charge for transactions.

If a client decides to implement his/her financial plan using an Adviser, that Adviser is acting in his/her capacity as a registered representative of Woodbury. This means that the Adviser may receive commissions or compensation for the insurance, annuities or securities products sold, in addition to any financial planning advisory fee charged. Such sales compensation may or may not affect the returns an investor will receive on the net amount invested.

Both securities and insurance products normally vary in the amount of compensation paid to the registered representative, the supervisor of the registered representative, and Woodbury. The following factors influence the differences in compensation paid: (i) commission rates for mutual funds and other investment company products (e.g., Exchange Traded Funds, Unit Investment Trust, etc.) and insurance products are individually negotiated with product manufacturers, and (ii) different investment company products have different compensation structures (e.g., a variable annuity sale generally provides more total compensation than an individual mutual fund sale and different classes of mutual funds pay different sales charges – front-end, back-end, level-loaded). Therefore, when an Adviser is acting in his/her capacity as a registered representative, he/she has an incentive to recommend investment products based on the compensation received, rather than on the *client's* needs. This conflict has the potential to result in the registered representative recommending certain investment products over others because he/she will receive more compensation. The suitability of each securities transaction is reviewed by Woodbury in an effort to ensure the sale is appropriate for the client's financial situation, investment objectives and risk tolerance, among other factors. However, Woodbury does not review securities sales to ensure the product has the lowest fees compared to similarly appropriate products. Therefore, clients should consult the specific product prospectus to understand the fees and charges.

In addition, registered representatives receive different levels of commission depending on the type and volume of investment products they sell. A registered representative's commission for any particular sale is based on three primary factors: (i) commission rate to Woodbury based on a negotiated selling agreement, (ii) the percentage of the commission split between Woodbury and the registered representative, and (iii) the volume of total investment products sold ("Sales Volume Threshold"). In some cases, commission splits and Sales Volume Thresholds are individually negotiated with a representative or with the sales hierarchy under which the sales representative is contracted.

Registered representatives are eligible to receive deferred compensation payments from Woodbury once they have reached certain sales thresholds. Clients should be aware that sales commissions from life insurance provide a higher deposit rate to the registered representative than investment products. As such, Woodbury registered representatives may have an incentive to promote certain life insurance products over other insurance or securities products.

A registered representative could have an economic incentive to recommend certain annuity products over others because these annuities allow advance payment of commissions to the registered representative.

In addition, registered representatives may have an economic incentive for recommending one fixed insurance product over another or one investment company product over another because some product manufacturers offer incentive awards based on product sales. This compensation may affect the

sales registered representative's judgment in recommending products to clients.

Registered representatives receive payments when insurance contracts are renewed. The amount of compensation a registered representative receives for renewals varies depending on the product and company.

Some mutual fund companies pay marketing distribution fees ("12(b)-1 fees") as an additional payment to the registered representatives. Therefore, sales representatives may have an economic incentive to recommend mutual funds that pay 12(b)-1 fees over similar mutual funds that do not help compensate for distribution efforts. Investors should carefully read the mutual fund's prospectus to understand whether any particular mutual fund pays 12(b)-1 fees. In addition, the existence of 12(b)-1 fees does not mean the fund is inappropriate or more expensive than other mutual funds.

Some investment companies offer a small on-going payment that continues for many years, known as residual compensation. Because this compensation structure only applies to certain investment companies, a registered representative may have an economic incentive to recommend investment company products that pay residual compensation over those that do not. Clients should also understand that residual compensation rates vary among investment companies, which is an incentive for a registered representative to recommend higher residual compensation paying investment company products over others.

Woodbury may periodically conduct sales incentive contests under which registered representatives may receive cash and non-cash compensation or may be eligible to win nominal awards for certain sales efforts to the extent permitted under applicable law. Sales incentive contests are never based on sales of any individual product or family of products.

Woodbury supervises its registered representatives/Advisers through Field Supervisors. The compensation of Field Supervisors is based on: (i) sales commission and/or advisory fees of the individuals they supervise, (ii) recruiting additional sales personnel, and (iii) the performance of supervisory duties. Because Field Supervisor compensation is based partially on sales commissions and/or advisory fees of the individuals they supervise, they may also have a financial incentive to promote certain products over others.

C. SEMINARS

Advisers may charge up to \$200 per attendee for providing seminars in addition to charging standard reimbursement costs associated with the seminars. Standard reimbursement costs include, but are not limited to: (i) written materials necessary for the seminar, (ii) rental costs, and/or (iii) food and/or beverage costs. Seminar fees are individually established by the Adviser and may not be negotiated by attendees. Participants that pay in advance may receive a full refund, at any time, prior to the seminar presentation.

Advisers may be wholly or partially reimbursed by product manufacturers and/or third party investment advisers for costs associated with a seminar. As such, Advisers may have a business relationship incentive to promote these products and services over others.

Special Disclosure for ERISA Plans: In this Brochure, Woodbury has disclosed potential conflicts of interest, such as receiving additional compensation from third parties (e.g., 12b-1 fees, sub-transfer agent fees, and revenue sharing) for providing marketing, recordkeeping, or other services in connection with certain investments. Woodbury has adopted policies and procedures that are designed to ensure compliance with the prohibited transaction rules under the Employee Retirement Income Security Act of 1974

("ERISA"), as amended. For example, Woodbury has taken several steps to address the potential conflict of interest of advisors who receive compensation for services provided to ERISA plans.

Woodbury advisor's negotiate the compensation with ERISA plan sponsors or participants ("ERISA clients") and the compensation is either an annual fee for ongoing services based on a percentage of assets under management, a flat fee, or an hourly rate. In no event will Woodbury allow advisors to provide advice or manage assets for ERISA clients if they have conflicts of interest that Woodbury believes are prohibited by ERISA.

PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT

Neither Woodbury nor its Advisers accept performance-based fees (i.e. fees based on a share of capital gains or capital appreciation of the assets of a client). As a result, this disclosure item is not applicable.

TYPES OF CLIENTS

A. Types of Clients. Woodbury offers investment advisory products and services to:

- Individuals (including high net worth individuals)
- Trusts
- Estates
- Banking and thrift institutions
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses.

B. Account Minimums. There may be account minimums for the various Solicitor Arrangements and Co-Advisory Account Programs. Clients should refer to the applicable third-party adviser's disclosure brochure and other material regarding such minimums. Woodbury does not require a minimum dollar value of assets as a precondition for offering financial planning and consulting services.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Investment Strategies. In Co-Advisory Accounts, Woodbury Advisers utilize numerous investment strategies. Since there are numerous strategies available, Woodbury as a firm does not support any specific method of analysis over another and, therefore, would not have one approach deemed to be an overriding strategy. The strategy used for any given account or group of accounts is dependent on the specific type of investment account selected by the client. The types of investment accounts may include among other things 1) mutual fund and exchange-traded fund ("ETF") wrap accounts, 2) separately managed accounts ("SMAs"), and 3) unified managed accounts ("UMAs"), or hybrid accounts.

Mutual fund and ETF wrap accounts generally utilize modern portfolio theory, also known as asset allocation. With modern portfolio theory, each client completes a series of questions regarding risk tolerance and financial goal(s) for the amount invested in the program, as well as certain financial information. Financial information typically gathered may include: net worth, liquid and/or investable assets, annual income, federal tax bracket, investment experience, and investment objective(s). The information collected assists the Adviser in helping the client determine the underlying asset allocation model. Each asset allocation model features different allocations to various asset classes such as US stocks, international stocks, US fixed income securities, foreign fixed income securities, alternative investments, cash, and other securities. Depending on each third-party's policies and procedures, Woodbury Advisers may have the ability to further customize the portfolio. While the portfolios may be

customized, the general parameters for risk and investment objective(s) may generally not be exceeded. SMAs are generally managed to a particular style or investment strategy. Examples of investment strategies may include large company growth stocks, international growth stocks, US Government and/or agency fixed income securities, large company growth and income stocks, municipal bonds, and others. Woodbury Advisers are not the managers of these accounts. Instead, Woodbury advisers may recommend a particular SMA or group of SMAs given the client's financial objectives and risk tolerance.

To determine financial objectives and risk tolerance, each client completes a series of questions regarding risk tolerance and financial goal(s) for the amount invested in the program, as well as certain financial information. Financial information typically gathered may include: net worth, liquid and/or investable assets, annual income, federal tax bracket, investment experience, and investment objective(s). The information collected assists the Adviser in helping the client determine the underlying asset allocation model and therefore the appropriate SMAs. In some instances, an asset allocation model is not used and an SMA may be recommended as a stand-alone investment account. Managers of SMAs use a variety of analysis methods as they employ the investment strategy selected by the client. See "Methods of Analysis" below for more information.

UMAs are hybrids of mutual fund and ETF wrap accounts and SMA accounts. By utilizing a UMA, each client completes a series of questions regarding risk tolerance and financial goal(s) for the amount invested in the program, as well as certain financial information. Financial information typically gathered may include: net worth, liquid and/or investable assets, annual income, federal tax bracket, investment experience, and investment objective(s). The information collected assists the Adviser in helping the client determine the underlying asset allocation model. Each asset allocation model features different allocations to various asset classes such as US stocks, international stocks, US fixed income securities, foreign fixed income securities, alternative investments, cash, and other securities. Depending on each third party adviser's policies and procedures, Woodbury Advisers may have the ability to further customize the portfolio. While the portfolios may be customized, the general parameters for risk and investment objective may generally not be exceeded. Some asset classes represented in the asset allocation model may be filled by mutual funds or ETFs while others asset classes in the same allocation model may be represented by individual securities recommended by SMA managers.

B. Methods of Analysis. To select investments on behalf of the client, Co-Advisory account managers may employ a variety of security analysis and selection methods including charting/technical analysis, fundamental analysis, or cyclical analysis. Sources of investment research include but are not limited to independent research firm reports, corporate rating services, timing services, annual reports, prospectuses, SEC filings and press releases. Due to the differing financial circumstances of each client and/or client account, Woodbury and its Advisers may give differing advice or take differing actions with regard to the same or similar securities for each client.

C. Risk of Loss. Investments in securities may involve some or all of following significant inherent risks: market risk, currency risk, economic and political risk, and business risk. As such, securities investment decisions will not always be profitable or avoid losing money, and clients must be willing to bear any such resulting losses. Woodbury does not guarantee: (1) future account performance, (2) any specific level of account performance, (3) the success of any investment strategy implemented, or (4) the success of any discretionary investment decision. Clients should carefully read all disclosure documents relating to a security before making an investment.

Market Risk

The market values of the securities owned may decline, at times sharply and unpredictably. Market values of equity securities are affected by a number of different factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, reduction in demand for an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

Economic Risk

Changes in economic conditions, including, for example, interest rates, inflation rates, political and diplomatic events and trends, tax laws and innumerable other factors, can substantially and adversely affect investments.

Management Risk

This is the risk that managers will not successfully execute a strategy even after applying our investment process. There can be no guarantee that their decisions will produce the intended results, and there can be no assurance that an investment strategy will succeed.

Derivatives Risk

The strategy may use derivatives, such as options, futures and swaps. The derivatives market is, in general, a relatively new market and there are uncertainties as to how it will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. Substantial risks are also involved in borrowing and lending against derivatives. Derivatives prices can be volatile, market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the derivatives positions held by an account, thereby causing substantial losses. Most of these instruments are not traded on exchanges but rather through an informal network of banks and dealers who have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force a position to close). In addition, some derivatives carry the additional risk of failure to perform by the counterparty to the transaction. Many unforeseeable events, such as government policies, can have profound effects on interest and exchange rates, which in turn can have large and sudden effects on prices of derivative instruments.

Asset Allocation Risk

Asset Allocation may have a more significant effect on account value when one of the more heavily weighted asset classes is performing more poorly than the others. Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Fixed Income Risks

Fixed income risks may include *interest rate risk*, which is the chance that bond prices overall will decline because of rising interest rates; *income risk*, which is the chance that a strategy's income will decline because of falling interest rates; *credit risk*, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline; and *call risk*, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The strategy would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the strategy's income.

Municipal Securities Risks

To the extent the strategy invests in bonds issued by local governments, such bonds are subject to the fixed income risks described above as well as the following risks: legislative risk which is the risk that a change in the tax code could affect the value of tax-exempt interest income; and liquidity risk which is the risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer.

DISCIPLINARY INFORMATION

Woodbury is required to disclose all material facts regarding certain legal or disciplinary events that would be material to the client's evaluation of Woodbury or the integrity of its management. Woodbury's disclosures are set forth below.

- “Financial Industry Regulatory Authority (“FINRA”) (January 2012) Woodbury, in its capacity as a broker-dealer, signed a letter of acceptance, waiver and consent for failure to establish, maintain and enforce an adequate supervisory system from January 2008 through May 2009 to review equity trades for excessive trading and consequently did not detect a registered representative who entered excessive and discretionary trades in two customer accounts, as required under NASD Rules 3010 and 2110 and FINRA Rule 2010. Woodbury paid a \$45,000 fine and has enhanced its supervisory system and procedures relating to equity trading review.”
- Financial Industry Regulatory Authority (“FINRA”) (August 2011) Woodbury, in its capacity as a broker-dealer, signed a letter of acceptance, waiver and consent for a failure to establish an adequate supervisory control system from November 2008 to September 2010 to adequately review and monitor the transmittal of funds from the accounts of customers to third-party accounts, as required under NASD conduct rules 3010, 3012(A)(2)(B)(i) and 2110, and FINRA Rule 2010. Woodbury paid a \$75,000 fine and has enhanced its supervisory system and procedures related to the transmittal of funds from customer accounts to third party accounts.
- Vermont Department of Banking, Insurance, Securities and Health Care Administration: Securities Administration (July 2009) Woodbury paid a \$15,000 administrative penalty and enforcement cost for failing to reasonably supervise variable annuity subaccount allocations for a representative. In selecting subaccounts for the applicable clients, the representative used an asset allocation model derived from a known industry profiler used to assess the risk tolerance of a client. In an effort to ensure against the use of similar allocation models for seemingly differing clients, Woodbury monitors the described activity utilizing a surveillance exception report of sub account allocations for clients within the state of Vermont.
- The Arizona Corporation Commission, Securities Division (April 2009) Woodbury, in its capacity as a broker-dealer, pursuant to a final order paid an administrative penalty of \$250,000 for failure to reasonably supervise two representatives. The representatives were defrauding clients by creating false statements and routing original statements to post office boxes under their control. Woodbury has since modified and updated its policies and procedures designed to detect such activity.
- Securities and Exchange Commission (“SEC”) (April 2009) Woodbury entered into a settlement agreement with the SEC and paid a \$65,000 penalty for violations of Regulation S-P, because Woodbury allowed departing representatives to take information related to clients the representative brought to the firm or secured while acting as a representative for Woodbury. Woodbury no longer allows departing representatives to take client information unless the client has specifically authorized such dissemination.
- Missouri Securities Division (December 2008) Woodbury committed a technical filing error which failed to properly license two investment advisory representatives, that otherwise met the states requirements. Woodbury paid a \$6,000 fine and the state of Missouri licensed the two advisers without any additional requirements.
- Financial Industry Regulatory Authority (“FINRA”) (December 2008) Woodbury, in its capacity as a broker-dealer, signed a letter of acceptance, waiver, and consent for failure to establish an adequate supervisory system and supervisory procedure from December of 2002 to May of 2005 to review the suitability of variable life insurance applications as required under National Association of Security

Dealers (“NASD”) conduct rules 3010(a), 3010(b) and 2110. Woodbury paid a \$50,000 fine and has enhanced its supervisory system and procedures for the review of variable life insurance.

• State of Texas (March 2004) Woodbury, in its capacity as a broker-dealer, failed to accurately register all branch offices in the state of Texas. Woodbury paid a fine of \$12,500 and properly registered all branch offices within the State of Texas.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. OTHER FINANCIAL INDUSTRY ACTIVITIES

Woodbury is a Securities and Exchange Commission (“SEC”) registered investment adviser and broker-dealer. Woodbury’s principal business is to offer variable annuities, variable life insurance, mutual funds and general securities to retail clients as a member broker-dealer firm with Financial Industry Regulatory Authority (“FINRA”).

In addition, many of Woodbury’s management persons, which include its principal executive officers (e.g., its Chief Executive Officer, Chief Financial Officer, Chief Compliance Officer, etc.); its directors; and individuals with similar status; members of the firm’s investment committee and individuals who determine the general investment advice provided to clients, are registered representatives of Woodbury.

When Advisers are acting as registered representatives, their activities are regulated by FINRA. Under FINRA rules, Woodbury’s Adviser(s) acting as registered representatives may provide advice on the securities products offered through Woodbury. In addition some of Woodbury’s Advisers may be employed by, or own, a financial services business entity, including an investment adviser business, separate from Woodbury. Although this is not considered a conflict of interest, clients should be aware that these situations may exist.

Since Advisers are independent contractors of Woodbury, they have the ability to engage in certain other business activities separate and/or unrelated to the activities they conduct through Woodbury. Prior to doing so, the firm must review, and when appropriate, approve the activity. Several factors are evaluated to determine whether to approve the activity, including, the type of activity involved, compensation related to such activity, and any conflicts of interest that the activity may present.

Woodbury Advisers may also hold certain industry designations or certifications (e.g., Certified Financial Planner, Enrolled Agent, Certified Financial Analyst, and Accredited Estate Planner) and may use such designations or certifications in marketing material that is provided to clients. While Woodbury has developed a process to review and approve the designations and certifications used by its Advisers, Woodbury does not endorse, guarantee or claim that any particular designation or certification an Adviser uses will result in that Adviser being able to provide specialized or expert advice. Designations and certifications do not: (i) replace or award any state, federal, or jurisdictional securities, insurance or other license, or (ii) ensure the Adviser is qualified to render advice in the areas of financial services identified by the designation or certification. Neither Woodbury nor its Advisers represent that they are adhering to a particular standard that is required by any organization conferring a designation or certification.

Woodbury is also an insurance agency licensed to do business in all 50 states. Advisers may sell fixed insurance products including, but not limited to, fixed annuities, term life insurance, and whole life insurance for compensation through Woodbury’s insurance agency.

The Hartford also directly or indirectly owns the following SEC registered investment advisers: Hartford Investment Management Company, Hartford Investment Financial Services, LLC and HL Investment Advisers, LLC (collectively, the “affiliated investment advisers”). These affiliated investment advisers are separate and distinct entities and act as investment advisers to The Hartford’s mutual funds or variable

products, which may be purchased by Woodbury's clients. Although Woodbury and its Advisers do not receive additional direct compensation for promoting a Hartford product over other products, this relationship may affect an Adviser's recommendation to financial planning clients if they choose to implement their financial plan using their Woodbury Adviser as their registered representative.

Some of Woodbury's directors and officers receive a portion of their compensation based on sales of Hartford products. As a result, these directors and officers have an economic incentive to promote the sale of Hartford products. All recommended securities sales are reviewed by a Supervisory Principal of Woodbury in an effort to ensure the sale is appropriate for the client. Clients should consider the fees and charges of any product they decide to purchase through Woodbury.

B. RELATIONSHIPS WITH OTHER INVESTMENT ADVISERS

Woodbury receives compensation from or has business relationships with other registered investment advisers that are not affiliated with Woodbury. These relationships create a conflict of interest. Under Woodbury's referral relationships with unaffiliated third-party registered investment advisers, Woodbury Advisers may act as a referring agent and receive a referral fee from the investment adviser. Such relationships are disclosed to clients through a Referral Point of Sale form and other disclosure documents provided to the client at the time the client is referred to an unaffiliated third party.

With respect to Co-Advisory Accounts, the fees Woodbury and its Advisers receive differ from one investment adviser to another. The Co-Advisory fees received by Woodbury and its Advisers also differ between the various products available to clients through a Co-Advisory relationship. Therefore, Woodbury and its Advisers may have an economic incentive to recommend one third-party investment adviser over another or one investment advisory product over another. As stated in "Advisory Business" above, Woodbury's Supervisory Principals review and approve new Co-Advisory Accounts and review the appropriateness of the third-party adviser. However, the client should consider the other investment adviser's fees and charges.

Third-party investment advisers **may** provide reimbursements to Woodbury or the referring Adviser as an offset for marketing and seminar materials used to explain the advisory products and services Woodbury offers. Because only certain third-party investment advisers may provide such reimbursements, the Adviser **may** have an economic incentive to recommend one third-party investment adviser over another. Advisers receive training on all advisory products and services, including recommending products and services based on the clients needs.

Woodbury obtains marketing and distribution compensation from select product manufacturers and third-party investment advisers including: (i) third-party investment advisers with which Woodbury provides Co-Advisory services, (ii) third-party investment advisers that Woodbury refers clients to, and (iii) investment companies. Under these marketing arrangements, Woodbury receives money in exchange for giving these product manufacturers or third party investment advisers direct access to Woodbury's distribution network. Woodbury's Advisers are not directly compensated by these marketing arrangements. These marketing arrangements should not influence a Woodbury Adviser's recommendation of any specific product or service. As noted above, Advisers receive training on all advisory products and services, including recommending products and services based on the client needs.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Woodbury's Code of Ethics (the "Code") is designed specifically for a firm such as Woodbury that has retail clients and is registered both as an investment adviser and a broker-dealer. The Code establishes minimum standards of business conduct for all Woodbury's Directors, Officers, Employees, Advisers, and Registered Representatives, who are referred to as Supervised Persons. Under the Code, all Woodbury personnel who are involved in Woodbury's investment advisory business are expected to act

in the best interest of Woodbury's advisory clients. The relevant portions of Woodbury's Code of Ethics are summarized below. Woodbury's entire written Code is available to all clients or prospective clients upon request and free of charge. To obtain a complete copy of Woodbury's Code of Ethics, please send a written request to:

**Woodbury Financial Services, Inc.
Attn: Advisory Services Department
500 Bielenberg Drive
Woodbury, MN 55125**

Business Conduct Standards

Woodbury Supervised Persons are required to act professionally, competently, fairly and use integrity in all business dealings. Under the Code, Woodbury's Supervised Persons are also required to:

- 1) Comply with all securities laws and regulations
- 2) Report violations of the Code
- 3) Attest to compliance with the Code, and
- 4) Adhere to Woodbury's Insider Trading Policy (see below)

Personal Securities Accounts and Transactions

Since the Code is based upon the principle that Woodbury and its Advisers act in the best interest of their investment advisory clients, Woodbury and its Advisers must act in a manner that:

- 1) Avoids serving the Adviser's personal interests ahead of clients,
- 2) Helps to ensure that an Adviser does not take inappropriate advantage of their position with Woodbury,
- 3) Helps to ensure that the Adviser's position of trust and responsibility is not unfairly or unethically misused; and
- 4) Avoids any actual or potential conflict(s) of interest.

Under the Code, Woodbury Supervised Persons' activities in personal securities accounts are monitored. The purpose of monitoring Supervised Persons' personal securities transactions is to prevent any trading-related activities that may lead to, or give the appearance of, a conflict of interest, insider trading, or other form of prohibited or unethical business conduct. As such, Supervised Persons must submit a report of all personal securities accounts and allow Woodbury access to statement information or equivalent data. As it relates to specific prohibitions and in an effort to avoid certain conflicts of interest, Supervised Persons' are prohibited from purchasing or selling any security on the same day that they recommend such security to a client.

Insider Trading Policy

All Supervised Persons are prohibited from acting upon, misusing or disclosing any material, nonpublic information, known as inside information. Any violations of Woodbury's insider trading policy may result in disciplinary action and/or termination.

Violations of the Code

Any Supervised Persons who violate the Code may be subject to disciplinary action by Woodbury, including but not limited to termination of employment or affiliation.

BROKERAGE PRACTICES

As a general matter, neither Woodbury nor its advisory clients have the discretion to choose the broker-dealer that will be used to effect transactions. The only time Woodbury chooses the broker-dealer to use for a transaction is in its Wrap Fee Programs. Please ask your Adviser for the disclosure documents related to Wrap Fee Programs for further information.

- A. Selecting or Recommending Broker-Dealers for Clients
- a. Research and Other Soft Dollar Benefits. Woodbury only receives execution services from a broker-dealer or third-party in connection with client securities transactions. Woodbury does not receive any research or other products or services from broker-dealers or third-parties in connection with client securities transactions.
 - b. Brokerage for Client Referrals. Woodbury does not select or recommend broker-dealers to clients, nor does it receive client referrals from a broker-dealer or third party as a result of recommending a broker-dealer or third party to clients.
 - c. Directed Brokerage. As noted above, Woodbury and its Advisers do not routinely recommend, request or require that a client direct it to execute transactions through a specific broker-dealer.

REVIEW OF ACCOUNTS

As described in “Advisory Business” above, Woodbury has Supervisory Principals assigned to review the investment advisory products and services recommended by Advisers. Generally, Woodbury does not conduct a supervisory review with respect to referring clients to third-party investment advisers.

Woodbury’s Supervisory Principals review and, when appropriate, approve new Co-Advisory Accounts. For clients with existing Co-Advisory Accounts, a Supervisory Principal will review all requests for additional advisory services.

All financial plans or consulting services that require a written deliverable are reviewed by Woodbury’s Supervisory Principals. This supervisory review includes, but is not limited to, examining: (i) the reasonableness of the fee charged, (ii) the reasonableness of illustrated rates of return in light of the client’s investment objective, risk tolerance, and time horizon, (iii) insurance recommendations to determine if they are commensurate with the client’s unique situation and ability to pay premiums, (iv) whether any recommendation for tax or legal advice should have been given, and (v) the appropriateness of any securities investment recommendations in light of the client’s unique situation. Because each plan is uniquely created, some or all of the previously mentioned review items may not be applicable. Woodbury tailors its review to each plan as necessary.

Most reviews are performed after plan delivery. When an Adviser has used his or her own proprietary technology or spreadsheet platform for delivering financial planning output, Woodbury will require pre-review of the written deliverable for a limited period of time.

Written reports for Co-Advisory Accounts will be provided to clients on at least a quarterly basis on Woodbury’s behalf by the third-party investment adviser providing Co-Advisory services for the Account.

CLIENT REFERRALS AND OTHER COMPENSATION

Woodbury and its Advisers may receive an economic benefit from someone who is not a *client* for providing investment advice or other advisory services to Woodbury *clients* by referring clients to other investment advisers. See “Advisory Business” above for information about these Solicitor Arrangements.

There are potential conflicts of interest with these arrangements. These potential conflicts include situations where the compensation earned by Woodbury or its Adviser differs with each third-party adviser because Woodbury and its Advisers may have an economic incentive to recommend one third-party adviser over another. A potential conflict of interest also exists because the third-party advisers may provide reimbursements to the referring Adviser as an offset for marketing and seminar materials

explaining the advisory products and services offered. Because only certain third-party advisers may provide such reimbursements, the Adviser may have an economic incentive to recommend one third-party adviser over another.

Woodbury may receive compensation from mutual fund families, variable annuity providers and other product distributors. These payments may include commissions (sometimes referred to as “loads”), trailing commissions (including 12b-1 fees), and payments made in connection with programs that support the firm’s marketing and representative education and training efforts, such as the firm’s annual national sales and education conference and other regional training meetings.

Neither Woodbury nor its Advisers directly or indirectly compensates any person who is not supervised by Woodbury for client referrals.

CUSTODY

Woodbury does not have custody of client funds or securities. As a result, this disclosure item is not applicable to Woodbury.

INVESTMENT DISCRETION

Woodbury and its Advisers do not have discretion to determine the securities to be bought or sold for any client Account for the programs discussed in this Brochure. Client approval of any recommendation to buy or sell a security is required. Please note, Advisers do have discretion as it relates to certain wrap account programs. Please consult the applicable disclosure brochure for details on those programs.

VOTING CLIENT SECURITIES

Woodbury does not have authority to vote client securities. Whether the various Co-Advisers have authority to vote client securities will be set forth in the program documentation for each Co-Advisory Account. If the applicable third-party adviser does not vote proxies, clients should ensure that they receive proxies or other solicitations directly from the custodian or transfer agent for the securities. Clients can contact Woodbury with questions about a particular solicitation.

FINANCIAL INFORMATION

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. Woodbury does not allow, require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, Woodbury is not required to include a balance sheet for its most recent fiscal year. Woodbury has no financial condition that might impair its ability to meet its contractual commitments to clients, and has never been the subject of a bankruptcy proceeding.