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Date of Brochure: March 20, 2012

This brochure has not been approved by the Securities and Exchange Commission (SEC), nor any state securities authority.

### **Material Changes**

Kimberly Clouse has joined TPW Financial as President starting February 1, 2012.

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## Advisory Business

TPW offers the following services to our clients:

- Investment advice
- Education planning
- Retirement planning
- Estate and tax planning
- Cash flow analysis and budgeting

We currently have assets under management (AUM) of \$243,179,259.

## Fees and Compensation

TPW charges fees based on AUM.

<u>Total Assets</u>	<u>Annual Fee</u>
First \$2,000,000	1.00%
Balance	0.85%

There is a minimum fee of \$10,000. On a case by case basis, we may waive this minimum requirement.

Our fee is negotiable for clients with substantial assets.

We invoice clients quarterly based on the AUM as of the last business day of the quarter. We pro-rate cash flows in excess of \$5,000 during the quarter. We debit our fee from the clients' accounts where practicable. The clients will receive an invoice each quarter detailing the accounts under our management and how the fee was calculated.

Our fee is separate from any fee charged by the custodian, other investment advisory firms, transaction fees charged by the executing broker/dealers, and mutual fund companies. Mutual fund companies provide their fees in the prospectus. TPW does not receive any compensation from any of these parties.

We may perform client requested projects on an hourly fee basis if it is beyond the scope of the client agreement.

## **Performance-Based Fees and Side-By-Side Management**

TPW does not charge any such fees.

## **Types of Clients**

TPW provides services to

- Individuals
- Pension and profit sharing plans
- Trusts, estates and / or charitable organizations, and
- Corporations and other business entities not specified above

We have a \$1,000,000 minimum for our clients.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

The investment philosophy at TPW Financial (TPW) is to manage the risk in the portfolio, and then try to add return by investing in client appropriate asset classes and investments. Hence, each client's portfolio is customized to be appropriate for the individual client in terms of both risk and return. Income oriented clients will have a larger percentage allocated to fixed income. Clients with lower level of risk tolerance will have a lower allocation to equities. For clients who have substantial assets and have a longer time horizon and are willing to invest in certain private placement investments, we will structure a portfolio with a larger allocation to equities, and some investments in private placement. We try to recommend private placement investments that are sponsored, operated and managed by the same entity for more accountability, and diversify amongst them so that each investment does not represent more than 5% of the client's total liquid assets. In addition, we explain the potential downside risk to each client and only invest in a particular private placement if the client is willing to do so.

For the equity portfolio we construct a model portfolio consisting of actively managed mutual funds, electronically traded funds (ETFs), and in a very few cases individual securities when

requested by a client. For the model portfolio we try to diversify risk by constructing the portfolio with funds that have different investment strategies and use stocks with different market capitalization. The strategy is to reduce stock overlap risk and thereby concentration risk, and to balance the portfolio to achieve net overall appreciation at different times of the market cycle.

We are migrating to a globally diversified ETF strategy pioneered by New Frontier Advisors. The strategy starts with incorporating a dynamic input process to create a variant of the Efficient Frontier Optimization Model created by Harry Markowitz. The Markowitz model is static in its inputs so that the Model does not change with changes in the macroeconomic climate. The New Frontier approach is a recognition of variances in macroeconomic climate over time, and by varying the inputs over time, the optimization model and the portfolios created under the model using ETFs rebalance the weights in each asset class over time. Portfolios are created for tax deferred assets and taxable assets to incorporate tax efficiency in the latter group. There are six portfolios in each group to enable investment of client assets according to the client risk tolerance and investment objectives. It is anticipated that for all new clients, we will use one of these portfolios as the core portfolio, and add additional investments to generate more return. The total portfolio will as always, be tailored to each client's risk tolerance and return objectives. Clients are billed separately at 20 basis points for this investment by New Frontier Advisors, at the end of each quarter, based on the market value of their assets in this investment. Every client who participates in this strategy has to agree that they want to invest in this strategy.

We will buy individual bonds if the risk return profile of the bond will add value to a client's portfolio. The bonds are of a size large enough so that the client does not suffer a large spread at sale. We use a duration based approach so that trading costs are minimized. We use the bond asset class as a risk stabilizer in the portfolio so we tend to have an average duration between 4-7 years to minimize interest rate risk.

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Private placements are analyzed for risk and are used primarily to diversify risk away from publicly traded securities. Only certain clients are eligible for these investments, and these investments are usually 10% of the total portfolio. The risks with these investments are illiquidity and background economic risk. However, each client is made aware of these risks, and no client has to participate in these investments if they choose to not do so.

## **Disciplinary Information**

TPW does not have any disciplinary actions filed against it.

## **Other Financial Industry Activities and Affiliations**

We do not have any other business activities, nor do we have any other financial industry activities or affiliations.

We do recommend Separate Account Managers (SAM) and Private Placements for some of our clients, but we do not receive any compensation for such investments from the investment sponsor. Therefore there are no conflicts of interest as a result of using these advisors and investments.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

TPW adheres to the Code of Ethics as established by the CFA Institute, the CFP® Board of Standards, Inc. In addition, TPW has its own written Code of Ethics.

We maintain a list of restricted securities in which employees cannot trade without first discussing the trade with the Chief Compliance Officer (CCO).

All employees must consult with the CCO for clearance on any trading in their personal accounts, or any immediate family members' accounts. Each employee must provide a quarterly statement of their brokerage accounts.

## Brokerage Practices

TPW has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides TPW with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist TPW in managing and administering clients' accounts include software and other technology that

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- facilitate payment of fees from its clients' accounts; and

For some clients, TPW will open accounts at other brokerage firms, usually at the client's request. When doing so, we will send a letter to the client informing them of TPW's authority with respect to these accounts as being limited to just trading.

TPW does not engage in any "soft dollar" activities, nor do we receive or pay referral fees of any kind.

## Review of Accounts

We review accounts once a month and quarterly by the portfolio manager. We will review accounts more frequently if market conditions, client objectives, or other considerations indicate the need. The primary purpose of the review is to determine if any changes are necessary to continue to meet the client's objectives.

Currently the president reviews all accounts since the number of accounts is reasonable for one manager.

## Client Referrals and Other Compensation

TPW does not pay any referral fees for client referrals.

## **Custody**

We are considered custodians for the client accounts held at Fidelity Investments, by SEC (Securities and Exchange Commission) regulations, strictly due to fact that we debit our advisory fee from the majority of our clients' accounts.

Clients receive regular monthly statements from Fidelity, and where applicable from other brokerage firms with whom we have opened an account on a client's behalf. TPW does not provide clients with any other account statements.

Clients are encouraged to create an online account with Fidelity to access their accounts via the internet. We encourage our clients to review their statements and all transactions.

Additionally, Fidelity and the other brokerage firms send copies of all trade transactions to the clients.

## **Investment Discretion**

We have discretionary authority over all but nine accounts. However, this discretionary access is strictly limited to trading. We require that the clients sign all requests for any asset movement.

Some clients may request that we discuss any trades with them prior to execution.

## **Voting Client Securities**

We do not vote proxies for any client. TPW requires that all clients receive all corporate documents, including proxies. We recommend they receive these documents via electronic mail. For those clients who prefer not to receive this material electronically, the materials are sent to the address of record for the account.

## **Financial Information**

TPW does not accept prepayment of any fees.



There are no financial issues that would impact TPW's ability to meet our contractual commitments to our clients since our discretionary relationship is limited to trading and our custodial relationship is defined to exist only because we deduct our advisory fees.

TPW has never filed for bankruptcy.

## Part 2B – Chitra R. Staley

Chitra R. Staley, CEO&CIO  
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## Educational Background and Business Experience

Chitra Raghavan Staley

Year of birth: 1949

### Formal Education after High School:

Smith College - BA 1970  
University of Massachusetts - MS 1973  
Simmons Graduate School of Massachusetts - MBA 1982

### Business Background:

2004 – Present	TPW Financial, President. Financial advisor and planner for high net worth individuals.
2000 – 2004	Mintz Levin Financial Advisors, Chief Investment Officer. Responsible for investment strategy, asset allocation, securities and mutual fund research.
1999 – 2000	Staley Advisors, Inc., President, Founder, and Principal Consultant and Investment Manager for this privately held firm specializing in advising clients to achieve their investment goals through domestic and international investing. Also advising clients with social responsibility goals.

1997 – 1998	Crosby Advisors/Fidelity Investments, Chief Investment Officer. Personal financial advisor to Edward C. Johnson 3 <sup>rd</sup> , and his family. Responsible for investment strategy, asset allocation, equity research, financial planning, and client contact. Member of the Investment Committee.
1996 – 1997	Prentiss Smith & Co., Inc. Senior Vice President. Portfolio manager for high net worth clients and non-profit organizations in socially responsible investments. Equity research, asset allocation and investment strategy.
1991 – 1996	Franklin Research & Development, Inc., aka Trillium Asset Management. Senior Vice President. Portfolio manager for high net worth individuals, non-profit organizations, and corporations, specializing in socially responsible investments. Equity research, asset allocation, and investment strategy. Member of Investment Committee and Senior Management Committee. Responsibilities included setting firm strategy, policies, and budgeting, and doing employee reviews. Director of marketing.
1984 – 1991	State Street Global Advisors. Senior Investment Officer. Portfolio Manager for high net worth clients and taxable and tax-exempt organizations. Member of Strategy Committee setting investment strategy.
Other	Certified Financial Planner™, 2002 Chartered Financial Analyst, 1988 Member – Boston Security Analysts Society Board Member – AASRA Member – Boston Estate Planning Council Member – Financial Planning Association Member – Town of Brookline (MA) Library Finance Committee

The Certified Financial Analyst designation is earned by

- passing a series of three (3) exams, and
- completing three (3) years of related work experience.

The Certified Financial Planner™ (CFP®) designation is earned by

- completing an educational requirement of coursework addressing the following disciplines:
  - Investments
  - Taxes

- Estates and Trusts
  - Insurance
  - Retirement
- passing a ten (10) hour examination,
- completing three (3) years related work experience, and
- attending an ethics seminar.

CFP® designees, after obtaining the designation must maintain their status by earning continuing education credits each year.

### **Disciplinary Information**

No disciplinary actions have been filed against Chitra.

### **Other Business Activities**

Chitra is not involved in any other businesses.

### **Additional Compensation**

Chitra does not receive any compensation other than a base salary and bonus from TPW.

### **Supervision**

Chitra is the CEO & CIO of the firm.

Chitra's contact information:

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## Part 2B – Kimberly R. Clouse

Kimberly R. Clouse  
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### Educational Background and Business Experience

Kimberly R. Clouse  
Year of birth: 1968

#### Formal Education after High School:

Harvard University Graduate School of Business Administration, Boston, MA, 1995-1997: MBA.  
Rice University, Houston, TX, 1987-1991: Bachelor of Arts in Managerial Studies and Political Science

#### Business Background:

2012 – Present	TPW Financial, President. Financial advisor and planner for high net worth individuals.
2008 – 2011	Athena Capital Advisors, LLC, Lincoln, MA. Managing Director. Led client relationship management, family office services, marketing, business development, and performance reporting for \$3 billion asset investment advisory firm, which serves institutional-size private clients, endowments and foundations.
2005 – 2008	Silver Bridge Advisors LLC (Formerly Hale and Dorr Wealth Advisors), Boston, MA. CEO. Recruited to revitalize 70-year old registered investment advisor. Successfully led turnaround and created a new strategic direction.
2000-2005	U.S. Trust Company, N.A. (Now part of Bank of America, N.A.), San Francisco, CA. Vice President, Family Wealth. Led the West Coast Family Wealth team.

2000	MSMONEY.COM Inc., San Francisco CA. Executive Vice President. Senior executive for Internet company dedicated to educating women on personal financial issues, including investing and budgeting.
1999-2000	Goldman Sachs & Co., Menlo Park, CA. Vice President, Investment Management Services. Led northern California effort for a new group that provided customized investment and planning advice to the firm's investment banking clientele and select other private clients.
1997-1999	J. P. Morgan & Co., San Francisco, CA. Client Advisor, Private Banking Group. Member of private banking team that provided customized financial advice to high net worth individuals
1995-1997	In Business School
1991-1995	Goldman Sachs & Co., New York, NY: Financial Analyst, Investment Banking and then Securities Analyst, Equity Research.
Other	<p>Board Member YPO</p> <p>Founding member - Professional Advisory Council.</p> <p>Member - Investment Committee, Brookline Community Foundation.</p> <p>Member - Professional Advisors' Council, Boston Foundation.</p> <p>Member - Boston Security Analysts Society; Boston Estate Planning Council, Boston Philanthropic Advisors Roundtable.</p> <p>Member - Golden Seeds (angel investor network who invest in early stage companies founded and/or led by women).</p> <p>Member - Advisory Council, Boston Women in Finance, Inc.</p> <p>Donor, Womenade Boston (philanthropic group dedicated to efforts that positively impact the lives of women and girls in the Boston area.)</p>

### **Disciplinary Information**

No disciplinary actions have been filed against Kimberly.

### **Other Business Activities**

Kimberly is not involved in any other businesses.

### **Additional Compensation**

Kimberly does not receive any compensation other than a base salary from TPW.

### **Supervision**

Kimberly is the President of TPW.

Kimberly's contact information:

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