

## **Ted Buchan & Company**

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### **FORM ADV PART 2 BROCHURE**

This brochure provides information about the qualifications and business practices of Ted Buchan & Company. If you have any questions about the contents of this brochure, please contact us at (858) 605-0686. 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 Ted Buchan & Company is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Ted Buchan & Company is 140722.

Ted Buchan & Company is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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## **Advisory Business**

Form ADV Part 2A, Item 4

Ted Buchan & Company is principally owned and operated by Ted Buchan. It was established in September 2006. All material conflicts of interest are disclosed below regarding our firm, our representatives or our employees, which could be reasonably expected to impair the rendering of unbiased and objective advice. Please note that lower fees for comparable services may be available from other sources.

Ted Buchan & Company offers a wide range of investment advisory services to its clients. The services include

1) Financial Planning Services:

- Budget review and analysis
- Retirement planning analysis & monitoring
- Investment strategies based on current financial status
- Life insurance capital needs analysis
- Liabilities structuring
- Education savings

We are required to disclose to our financial planning clients that a conflict of interest exists between us and our clients. The client is under no obligation to act upon the investment adviser's recommendation. If the client elects to act on our recommendations, the client is under no obligation to effect the transaction through us.

2) College Planning Services:

Business Model includes Planning, Preparing & Paying

1. Planning for College includes:

- Student Profile includes matching the student through a personality quiz, academic profile, and type of school preference, demographics and student interview.

2. Preparing for College includes:

- Detailed steps for student to follow to get into their perspective schools. This includes SAT/ ACT preparation, professional editing of essays, interview techniques, and community service tips.

3. Paying for College includes:

- Strategies for parent to pay for expected college expenses in the most optimal way including strategies to increase one's ability to qualify for more financial aid.

3) Managing Assets

- Client completes Risk Tolerance Questionnaire to determine clients investment goals.
- Advisor reviews goals of client and time frame the client intends to invest the money.
- The Advisor invests the money based on this analysis and client input.

Ted Buchan & Company does tailor the advisory services to the individual needs of each client. Clients can impose restrictions in certain cases.

For Example:

1. Assuming a client had a large investment gain on a particular investment and they did not want to incur the taxes by selling that investment at this time. We would honor that request.
2. Assuming a client inherited an investment from a family member and wanted to keep that particular investment due to sentimental value. We would honor that request.

Ted Buchan and Company does not participate in wrap fee programs.

As of December 31, 2011 the amount of client assets managed on a discretionary basis was \$36,452,064.84 and \$13,912,033.69 on the non-discretionary basis. The total amount of assets managed was \$50,364,098.53.

Ted Buchan and Company's billing structure is based on ending quarter account balances and billed forward accordingly. The billable assets under management is based on the value of the assets we manage.

## **Fees and Compensation**

Form ADV Part 2A, Item 5

Ted Buchan & Company Advisors are compensated on a fee only basis. The Fee Schedule is below.

<b>ASSETS UNDER MANAGEMENT</b>	
\$0 to \$100,000*	Minimum annual fee \$1,250.00
\$100,001 to \$500,000	1.25%
\$500,001 to \$1,000,000	1.1%
\$1,000,001 to \$5,000,000	1.0%
\$5,000,001 and above	negotiable

<b>EXTERNAL ACCOUNT FEE SCHEDULE</b>	
Employer Investment Options	Advisory Fee
Less than 8 options	0.50%
8 to 20 options	0.75%
More than 20 options	Current fee

<b>FINANCIAL SERVICES</b>	
Financial Plan	\$2,500
College Plan W-2 Family	\$1,500
College Plan Self Employed Family	\$2,000
FAFSA Renewal	\$150 for first student, \$75 for additional siblings
Hourly consulting	\$250 per hour

\*Exceptions:

1. Combined family accounts exceed \$100,000 the fee is calculated based on the combined Assets Under Management fee structure.
2. Employees of Ted Buchan & Company including family members of employee.
3. 529 Plans only – not subject to quarterly reviews.

Effective January 1, 2011 fees are not negotiable.

The Client will pay the Advisor a fee quarterly in advance which is deducted from a designated account of the Client's choice. Fees are due on the first day of the calendar quarter. If a client chooses to be invoiced, payment is due within ten days. Payment is accepted only by check or cashier's check. No cash is accepted.

Client fees are paid in advance and will be pro-rated if client terminates the relationship. If money is received in-between billing cycles, a fee is pro-rated based on the fee schedule.

Other fees include custodian (Shareholders Service Group) fees. See schedule below:

### **Fee Schedule (effective 8/01/10)**

No advisor minimum. No account minimum. No inactive account fees.  
No postage fees. No statement fees. No confirm fees. No web access fees.

#### **Equity Trades**

##### ***Under 1600 shares Online Broker-assisted***

Market order \$15.95 \$35  
Limit order or Stop order \$21.95 \$35

##### ***All orders over 1600 shares: \$.01 per share for entire order***

#### **Bonds & other Fixed Income**

Agency Trades \$2.50 per bond (\$40 min., \$95 max) Principal Trades NTF (included in bond price/ yield) Listed Bonds \$2.50 per bond (\$50 min.)  
Treasuries Auction \$50  
CDs, New Issues Commission varies by issuer. Additional \$35 maximum service fee. CDs, Secondary \$2.50 per \$1000 (\$40 min., \$95 max)  
UITs, ARPs \$50

#### **Options Online Broker-assisted Options**

\$19.95 + \$1.25 per contract  
\$35 + \$1.50 per contract  
Option Exercise n/a \$35 per assignment

#### **Fee Choice – Alternate Asset-based Pricing Schedule**

Fee Range: 30 to 45 bps Minimum: \$350 annually

#### **Margin Rate:** Annualized rate based on average debit balance.

\$0 - 10,000 Broker Call + 2.5%  
10,001 – 50,000 Broker Call + 2.0%  
50,001 – 100,000 Broker Call + 1.5% Over 100,000 Broker Call + 1.0% Over 1,000,000 Broker Call + 0.75%

#### **Broker Call: currently 2.00%. Subject to change.**

Hard-to borrow short positions, add up to 6%.

#### **Cash Management Products**

##### ***ProCash Silver***

##### ***ProCash Plus***

Gold \$10,000 minimum. Platinum \$20,000 Min.  
Service Fee Free if >5000  
\$2 / mo. < \$5000  
Gold- \$50. Corp- \$150  
Platinum-\$125 Corp-\$195  
Minimum check size \$100 None  
Reorder checks \$20 \$20  
Returned check \$20 \$20  
Stop Payment \$10 \$10  
Overnight Delivery  
Checks or Debit Card \$20 \$20

#### **Retirement Accounts**

IRA annual fee- Accounts over \$10,000 Free  
IRA annual fee- Accounts under \$10,000 \$35  
QRP, 403b, 401k annual fee \$50  
Individual(k) annual fee (Not including TPA fee) \$50  
Roth IRA Conversion/Recharacterization \$25  
Retirement account termination fees \$90

**Limited Partnership/ Private Investments**

Annual Custody Charge \$35  
Subscription/Redemption/Transfer/Rereg \$50  
Unrecognized Income Filing \$200  
New LP Document Review & Set-up \$375

**Mutual Funds**

**Over 14,000 funds with 8,000 funds available at NTF or load waved without transaction fees\***

*Please see Mutual Fund Network Guide for NTF list, other costs and disclosures.*

**NTF Minimums\*\* No-load and some Load NTF Funds Load Funds at NTF^**

Regular trades 2500 5000  
IRAs/QRPs 500 5000  
Periodic (SRS) Purchase/redemption 100 2500

**MF Transaction Fees Online Broker**

Transaction fee funds \$25 \$35  
Exchanges (Buy and Sell same day in the same fund family) \$25 \$35  
Periodic (SRS) NTF funds Free  
Periodic (SRS) Non-NTF funds \$5 \$5  
Periodic (SRS) load funds @ NAV \$5 \$5

\*Short-Term Redemption (STR) Fee on NTF Funds: \$75 for shares held at SSG 3 Full calendar months or less. \*\$25 transaction fee applies on NTF fund redemptions within 3 calendar months of transfer-in. Fund minimums may be higher or lower than SSG minimum. ^RIA's may purchase most load funds under a load-waiver. See Fund Prospectus. ^\$5,000 minimum purchase may apply. \*\*Transaction fees apply on orders below the NTF minimum.

**Optional Services for Advisor's Firm**

Advisory Fee Prep Service \$5 per account per event minimum \$100  
Cost basis on statement, online \$6 per year  
Data Downloads \$0 to 100 per month  
Performance Report Basic/Extended \$66/\$89 account Statements/Confirms on CD See periodic schedule

**Miscellaneous Account Fees**

Certificate / Legal Transfer / Rule 144 \$75  
Dividend Reinvestment on equities 25¢ per item  
Delivery to Transfer Agent \$15  
DK Trade or Post settlement cancel \$10 per trade  
ESOP Exercise \$100  
Foreign Ordinary Shares —Tfr,Settle,Rereg \$75  
Margin Extension \$20  
Mutual Fund share class conversion \$50  
Overnight Check Delivery \$12  
Precious Metals Service \$100 trade; 75 bp storage  
Safekeeping / Foreign Custody \$2 per month  
Transfer Out ACAT Fee \$50  
Wire Fee \$18

**Corporate Reorg Items**

Voluntary \$20  
Mandatory No charge  
Physical delivery \$50  
Rejected deposit \$100

**LoanAdvance to 70% of account equity (Not available in all states)**

\$25,001 - \$500,000 Prime Rate plus .50%  
\$500,000-\$1 million Prime Rate plus .40%  
\$1 million or more Prime Rate plus .35%

Ted Buchan and Company's compensation for managing assets is fee only. In being a fee only firm, clients are never subject to sales charges, deferred sales charges, or commissions which are typically referred to as "loads" in industry jargon. If the firm is to buy a mutual fund managed by Fidelity, American Funds, Vanguard or any mutual fund family, the firm is not paid any additional compensation. Therefore, there is no conflict of interest in whatever fund family is used.

Clients that are affiliated with the firm have the ability to purchase investment products wherever they choose. Ted Buchan & Company provides the client with unbiased recommendations.

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

Form ADV Part 2A, Item 6

Ted Buchan & Company and its advisors do not accept performance-based fees.

### ***Types of Clients***

Form ADV Part 2A, Item 7

Ted Buchan & Company provides investment advice to individuals, pension and profit sharing plans, trusts, estates, and corporations.

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

Form ADV Part 2A, Item 8

Ted Buchan & Company primarily uses Mutual Funds and exchange traded funds to design investment portfolios for their clients. Our investment process is based on an analytical and systematic approach that uses industry software to set up a client's portfolio and proactively monitor all of the investments on a daily basis. The software utilizes, but is not limited to, the following information: how long the manager has been managing the fund, the expenses paid to the manager, the risk the fund is taking and the performance of the fund compared to its peers over various time frames. The objective is to create an investment portfolio based on each client's individual needs, goals and risk tolerance. The client completes a Risk Tolerance questionnaire in order to determine their level of acceptable risk.

### ***Disciplinary Information***

Form ADV Part 2A, Item 9

Ted Buchan & Company and its management have not been found in guilty in any criminal or civil action. The firm and its management have not been subject to any proceedings before the SEC, any other federal agency, any state regulatory agency or any foreign regulatory authority. The firm and its management have not been an SRO proceeding.

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

Form ADV Part 2A, Item 10

Ted Buchan and Company does have professional relationships with CPAs, Realtors, Mortgage Brokers, Attorneys that from time to time we do refer existing clients to. However, we do not receive any type of compensation.

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

Form ADV Part 2A, Item 11

Ted Buchan & Company will be a State Registered Advisor with the State of California. The code of Ethics from Ted Buchan & Company is available to any client who requests a copy of the code. The Code of Ethics is based on basic principles that should pervade all investment related activities of all employees, personal as well as professional:

- 1) interest of the advisor's clients/investors come before the advisor's or any employees interest;
- 2) each employee's professional activities and personal investment activities, must be consistent with this code and avoid any actual or potential conflict between the interest of clients/investors and those of the advisor or the employee;
- 3) those activities must be conducted in a way that avoids any abuse of an employee's position of trust with, and responsibility to, the advisor and its clients/investors, including taking inappropriate advantage of that position.

Currently, all of the employees of Ted Buchan & Company are invested in the same model portfolios as our clients. Employees do have the flexibility to buy securities outside of the model portfolios if they choose to.

## ***Brokerage Practices***

Form ADV Part 2A, Item 12

Ted Buchan & Company investment portfolios are comprised almost entirely of mutual funds. Since mutual funds are executed at the end of the day, the best execution of the broker-dealer that is used is a moot point since best execution only takes place in securities that trade during the day. Shareholders Service Group was chosen as the broker dealer for Ted Buchan & Company based on:

- their competitive cost structure
- niche toward working with smaller firms
- presence in the San Diego area
- proactive approach to providing their advisors with cutting edge technology
- the personal relationship that had been developed with the executive team at Shareholders Service Group.

Ted Buchan & Company does not recommend client execute transactions through a specific broker-dealer. Ted Buchan & Company does aggregate stock orders that take place when a change is made in a specific model portfolio for clients that have their accounts managed on a discretionary basis. Ted Buchan & Company does not aggregate stock orders when an individual client makes a customized change to their particular portfolio or for clients whose accounts are managed on a non-discretionary basis.

## ***Review of Accounts***

Form ADV Part 2A, Item 13

Ted Buchan & Company reviews client's accounts either in person or on the phone on a regular basis. The frequency of the reviews is based on the assets under management and the clients request for additional reviews. Based on each individual client's particular situation, different parts of their financial plan are reviewed as their financial situation evolves.



There are many factors that could potentially lead to a client scheduling an impromptu review. Some of the factors could be:

- loss of job
- inheritance
- moving
- change of job
- divorce
- death in family
- buying or selling real estate property
- refinancing their house

Ted Buchan & Company provides the client with a written performance report highlighting the performance of their accounts over a customized time period. The report highlights the following areas:

- summary of portfolio performance
- portfolio performance vs respective benchmark indices
- asset allocation
- comparative holdings by classification
- recommendations

### ***Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

Ted Buchan & Company does not receive any economic benefits or sales prizes from any third party.

Ted Buchan & Company does not directly or indirectly compensate any person for client referrals. Ted Buchan & Company does acknowledge client referrals from clients by sending them a thank you card and a small gift ( i.e. a cake or flowers). We are always aware and comply with the rules set by the SEC concerning the dollar amount of gifts for clients.

### ***Custody***

Form ADV Part 2A, Item 15

Ted Buchan & Company does not have custody of clients' funds. The majority of Ted Buchan & Company's client's assets are held with Pershing.

State Securities Bureaus, or their equivalent, generally take the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian is deemed to have custody of client funds and securities.

As such, we have adopted the following safeguarding procedures:

1. Our clients must provide us with written authorization permitting direct payment to us of our advisory fees from their account(s) maintained by a custodian who is independent of our firm;
2. We must send a statement to our clients showing the amount of our fee, the value of your assets upon which our fee was based, and the specific manner in which our fee was calculated;
3. We must disclose to you that it is your responsibility to verify the accuracy of our fee calculation, and that the custodian will not determine whether the fee is properly calculated; and
4. Your account custodian must agree to send you a statement, at least quarterly, showing all disbursements from your account, including advisory fees.

## ***Investment Discretion***

Form ADV Part 2A, Item 16

Ted Buchan & Company does accept discretionary authority. The client has the right to outline specific trading parameters within the discretionary account(s). Examples of this may include:

- a concentrated position
- a position with a big taxable gain
- an inherited position with sentimental value
- employer stock

## ***Voting Client Securities***

Form ADV Part 2A, Item 17

Ted Buchan & Company does not and will not accept authority to vote client securities. We encourage clients to vote their own proxies.

Ted Buchan & Company clients receive all shareholder related materials from the custodian directly.

## ***Financial Information***

Form ADV Part 2A, Item 18

Ted Buchan & Company does not require prepayment of fees for clients, six months or more in advance. Ted Buchan & Company does bill clients for assets under management quarterly, in advance.

None of the management of Ted Buchan & Company has been subject to a bankruptcy petition at any time during the past 10 years.

## ***Requirements for State-Registered Advisers***

Form ADV Part 2A, Item 19

**Edward J. Buchan, AIF<sup>®</sup>, CFP<sup>®</sup>**

Born in 1971

### Educational Background

- Bachelor's Degree in Business Administration (Finance Major), Emory University, 1993
- CFP<sup>®</sup>, Certified Financial Planner, October 2001
- CRTP, California Registered Tax Preparer, May 2004
- CCPS, Certified College Planning Specialist, June 2005
- AIF<sup>®</sup>, Accredited Investment Fiduciary, April 2010

### Business Background

- 09/2006 to Present, President/Investment Adviser Representative, Ted Buchan & Company
- 07/2002 to 09/2006, Independent Contractor/ CFP<sup>®</sup>, AIG Financial Advisors
- 11/1999 to 06/2002, Financial Advisor, Wells Fargo Private Client Services Group
- 06/1996 to 09/1999, Financial Advisor, Prudential Securities

## **Phil Bell**

Born in 1958

### Educational Background

- NASD, Series 6, Investment Company/Variable Contracts Representative, January 1999
- NASAA, Series 63, Uniform Securities Agent State Law Examination, January 1999
- NASAA, Series 65, Investment Adviser Representative, July 2007

### Business Background

- 08/2007 to Present, Associate/Investment Adviser Representative, Ted Buchan & Company
- 08/1999 to 08/2007 College Financial Aid Advisors, President / Owner College Financial Aid Advisor
- 10/2005 to 08/2007, Registered Representative, AIG Financial Advisors, Inc.
- 09/2000 to 10/2005, Registered Representative, Sentra Securities Corp.
- 01/1999 to 09/2000, Registered Representative, Mutual Service Corporation
- 01/1999 to 01/2000, Associate, Gebhart & Associates
- 11/1981 to 01/1999, Fire Captain, Vista Fire Department

Phil Bell is director on the Valley Center Fire Protection District Board of Directors, currently serving a 2 year appointment (February 2011 through February 2013). This consists of monthly time commitment of 12 hours.

Ted Buchan & Company has no other financial industry affiliations that could be perceived as a conflict of interest.