

## **Ted Buchan & Company**

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April 27, 2012

### **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.

## ***Item 2: Material Changes***

Ted Buchan & Company is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

We do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

**Last Annual Amendment Filing Date: 03-12-12**

Beginning January 5, 2012, we have begun using our updated fee schedule, which can be seen, in full, in Item 5 of this Brochure.

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## ***Item 4: Advisory Business***

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 if 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 & Prospering

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, career assessment test, 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.

4. Prospering After College includes

- Strategies designed to optimize the client's retirement goals, all the while helping the client afford college costs.

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.

### **Item 5: Fees and Compensation**

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

<b>ASSETS UNDER MANAGEMENT</b>	
\$0 to \$120,000*	Minimum annual fee \$1,500.00
\$120,001 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>	
Comprehensive 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 \$120,000 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, 2012 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 or credit cards are 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 01/01/2012)**

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**

<i>Under 1,600 Trades</i>	Online	Broker-Assisted
Market Order	\$15.95	\$35
Limit order or Stop Order	\$21.95	\$35

\*All orders over 1,600 shares: \$.01 per share \$95 max (except foreign)

\*Foreign Security Transaction Fees and Commissions vary by country- Contact SSG for details

**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)
Treasures Auction	\$50
CDs, New Issues	Commission varies by issuer. Add'l \$35 max 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 Exercises	N/A	\$35 per assignment

**Fee Choice – Alternate Asset-Based Trade Pricing Schedule**

**Fee Range:** 30 to 45bps      **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%
50,0001 – 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 subject to surcharge based on market demand. Ask about our Fully Paid Securities Lending program.

**Cash Management Products**

	Corestone Silver & Silver Plus	Corestone Gold & Platinum
Annual Fee	\$25 – Check Writing \$50 – Checks plus Debit Card	Gold - \$100. Corp - \$150 Platinum - \$150. Corp - \$250
Minimum to Open	Silver - \$5,000 & Silver Plus - \$5,000	Gold - \$10,000 & Platinum - \$20,000
Reorder Checks	\$12.50	Gold - \$10 & Platinum - \$7.50
Returned Check	\$25	\$25
Stop Payment	\$25	\$25
Overnight Delivery Checks & Debit Cards	\$20	\$20

**Retirement Accounts**

IRA annual fee – Accts over \$10,000	Free
IRA annual fee – Accts under \$10,000	\$25
QRP, 403bn 401k annual fee	\$50
Individual(k), annual fee (Not incl TPA fee)	\$50
Roth IRA Conversion / Recharacterization	\$25
Retirement acct termination fees	\$90

**Limited Partnership / Private Investments**

Annual Custody Charge per position	\$35
Subscription/Redemption/Transfer/Rereg	\$50
Unrecognized income Filing	\$200
New LP Document Review & Set-Up	\$475

**Mutual Funds**

Over 14,000 funds with 8,000 funds available at NTF or load waived without transaction fees\*  
Please see *Mutual Fund Network Guide* for NTF list, other costs and disclosures

<b>NTF Minimums**</b>	<b>No-Load &amp; Some Load NTF Funds</b>	<b>Load Funds at NTF^</b>
Regular Trades	2,500	5,000
IRAs/QRPs	500	5,000
Periodic (SRS) Purchase/Redemption	100	2,500
<b>MF Transaction Fees</b>	<b>Online</b>	<b>Broker</b>
Transaction fee funds	\$25	\$35
Exchanges (Buy & Sell same day in the same fund family)	\$25	\$35
Periodic (SRS) NTF funds	Free	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 months or less; \$5.50 for periodic redemptions held less than 3 months. \*\$25 transaction fee applies on NTF fund redemptions within 3 months of transfer-in. Fund minimums may be higher or lower than SSG minimum. ^RIAs 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 acct per event. Min \$100
Cost basis on statement, online	\$6 per year
Data Downloads	\$0 to \$100 per mo
Performance Report: Basic/Extended	\$66/\$89 acct
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 Share Trfr, Settle, Rereg	\$50 to \$150, by country
Margin Extension	\$20
Mutual Fund Share Class Conversion	\$50
Overnight Check Delivery	\$12
Precious Metals Service	\$100 trade; 75bp storage
Safekeeping / Foreign Custody	\$2 per month
Transfer out ACAT / Early Partial Transfer	\$50 per transfer
Wire Fee	\$18

**Corporate Reorg Items**

Voluntary	\$20
Mandatory	No Charge
Physical Delivery	\$50
Rejected Deposit	\$100

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

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

***Item 6: Performance-Based Fees and Side-By-Side Management***

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

***Item 7: Types of Clients***

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



### ***Item 8: Methods of Analysis, Investment Strategies and Risk of Loss***

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, initially and on a tri-annual basis in order to determine their level of acceptable risk.

### ***Item 9: Disciplinary Information***

Ted Buchan & Company and its management have not been found 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.

### ***Item 10: Other Financial Industry Activities and Affiliations***

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

### ***Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading***

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.

## ***Item 12: Brokerage Practices***

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.

## ***Item 13: Review of Accounts***

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

## ***Item 14: Client Referrals and Other Compensation***

Ted Buchan & Company does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm. 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).

### ***Item 15: Custody***

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.

### ***Item 16: Investment Discretion***

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 large taxable gain
- an inherited position with sentimental value
- employer stock
- stock options

### ***Item 17: Voting Client Securities***

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.

### ***Item 18: Financial Information***

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.

## ***Item 19: Requirements for State-Registered Advisers***

**Edward (Ted) 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
- California Insurance, September 2006

### Business Background

- 09/2006 to Present, President/Registered Investment Advisor, 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

### Certifications:

- **CFP<sup>®</sup>**, Certified Financial Planner, October 2001

This designation requires the candidate to take an approved educational program covering 89 topics defined by the CFP board. They must pass a comprehensive exam and complete additional tasks as outlined below

- You must hold a bachelor's degree or its equivalent in any discipline from an accredited college or university.
- You must have three years of relevant experience prior to being awarded the CFP<sup>®</sup> certification
- You must pass the Candidate Fitness Standards and background check

There is an annual requirement of 30 hours of continuing education in the finance industry by the advisor.

- **CRTP**, California Registered Tax Preparer, May 2004
- **CCPS**, Certified College Planning Specialist, June 2005  
This designation is solely offered through the NICCP and is the nation's only professional education and certification program focused exclusively on college financial planning
- **AIF<sup>®</sup>**, Accredited Investment Fiduciary, April 2010  
This designation represents a thorough knowledge of and ability to apply the fiduciary practices to your firm. There is an annual requirement of 6 hours of approved AIF<sup>®</sup> continuing education by the advisor
- California Insurance (Accident & Health, Life, and Variable), July 1999

**Phil Bell**

Born in 1958

### Educational Background

- San Deigo State University; working toward a BA in Business Administration 1976 – 1978
- 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
- California Insurance (Accident & Health, Life, and Variable), February 1999
- UCSD Granted Certificate in Paramedical Sciences & Mobile intensive Care Paramedic

Business Background for the Previous Five Years:

- Ted Buchan & Company, Investment Advisor Representative, 08/2007 – present
- College Financial Aid Advisors, President/ Owner, 08/1999 – 08/2007
- AIG Financial Advisors Inc, Registered Representative, 10/2005- 08/2007
- Mutual Service Corp, Registered Representative, 03/1996 – 10/2005

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.

- A. Description of any business in which we are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business.

We have nothing to disclose in this regard.

- B. In addition to the description of our fees in response to Item 5 of Part 2A, if our firm or a supervised person is compensated for advisory services with performance-based fees, we must explain how these fees will be calculated. Further, we must disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

We do not charge performance-based fees.

- D. If our firm or a management person has been involved in one of the events listed below, we must disclose all material facts regarding the event.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

We have nothing to disclose in this regard.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

We have nothing to disclose in this regard.

- E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, we must describe any relationship or arrangement that our firm or any of our management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

We have nothing to disclose in this regard.