

Item 1

Cover Page



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ADV Part 2A, Firm Brochure

February 20, 2015

This brochure provides information about the qualifications and business practices of The Tarbox Group, Inc. If you have any questions about the contents of this brochure, please contact us at (949) 721-2330, or email Laura@tarboxgroup.com. 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 The Tarbox Group, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

We are registered with the Securities and Exchange Commission, which does not imply a certain level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you may use in your decision to hire us or continue a professional relationship with us.

Item 2 Material Changes

There have been no material changes made to The Tarbox Group, Inc.'s ADV Part 2A, Firm Brochure since the previous Annual Amendment filing on March 25, 2014.

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Item 4 Advisory Business**A. History of the firm; ownership of the firm.**

Laura Tarbox began her career in the advisory business in 1980 with a boutique investment firm in Tustin, California, which was affiliated with a large independent broker/dealer. Although she found the world of investments to be very compelling, the industry culture of day trading stocks, pitching the latest investments and cold calling for new clients quickly lost its appeal. Laura discovered the CERTIFIED FINANCIAL PLANNER™ courses, where she found she could use her investment knowledge in conjunction with the practice of holistic planning, and became one of the early pioneers of the financial planning profession. Laura completed the CFP® program in 1983, and founded The Tarbox Group, Inc. (the “Tarbox Group” or “we”) on January 1, 1985 in the State of California.

Laura Tarbox is the owner and principal of the Tarbox Group, and founded the firm as an SEC Registered Investment Advisor. Never comfortable with the conflicts inherent in selling products, Laura made the decision to drop her securities and insurance licenses in 1990, becoming one of the first truly fee-only financial advisors in the U.S. The firm is not affiliated with any bank, brokerage firm, insurance or trust company, and is privately held. The Tarbox Group does not sell any products, or take any commissions, trails, or referral fees. Our allegiance is to our client, and our incentive is to serve our clients` best interest.

During the 1990s, Laura built the firm and its reputation, and has developed a team approach to providing financial planning and investment advisory services. She has added talented, multi-disciplined professionals with expertise in tax, investments, retirement and estate planning.

B. Types of Services**Financial Planning**

The Tarbox Group approach starts with the evaluation and review of its clients’ financial concerns, risks and objectives. We suggest strategies to accomplish agreed-upon goals, and use a coordinated implementation and follow-through process once decisions are made. Results and progress are evaluated on an ongoing basis.

Financial planning services may include:

- Coordination of multi-generational estate planning and wealth transfer
- Assistance in establishing goals and development of overall family financial plan
- Advice on philanthropic giving and management
- Help with maximizing employee benefits
- Assistance with complex financial transactions
- Work with and/or coordination with other close family members
- Cash-flow analysis and management
- Review and management of insurance coverage
- Ongoing tax planning and coordination

Investment Advisory Services

Investment management is implemented as part of the client's overall plan and involves the management and/or oversight of all assets on an ongoing basis. We provide disciplined and customized institutional-grade investment management for both taxable and tax-deferred clients.

The Tarbox Group uses an asset class investing approach, with a variety of asset types to build portfolios, and a strong preference for liquidity, where possible. The Tarbox Group looks at the performance of various asset classes over long periods of time to determine its sector allocations for its models, then chooses the most appropriate vehicle to obtain the appropriate exposure to those asset classes.

Equities

The Tarbox Group's core investment portfolios include equity exposure to Global, Domestic (U.S.), Developed International and Emerging Markets. We diversify across equity markets, making small shifts into equity exposures that look most attractive to use for the next one to three years. For example, we may overweight U.S. stocks and underweight developed international stocks. Within the broader equity market, we invest across market capitalizations (large, mid, small and microcap) and styles (value and growth). The focus is not on individual companies or marketing timing maneuvers.

Typically, the firm indexes the core of each of our equity portfolios. The Tarbox Group believes traditional index funds have significant benefits that include an easily understandable discipline, transparency, reduced costs, tax efficiency, and lack of subjectivity, all of which have been shown to add significantly to investment returns. For example, we use S&P 500 indices to provide primary exposure to large-cap U.S. stocks. We will often use Exchange Traded Funds ("ETFs") to implement index strategies.

We will include actively-managed mutual funds in client portfolios, which seek to add value by:

- Providing specific exposure to portfolios to more inefficient asset classes such as small-cap or emerging markets
- Allowing great stock pickers to identify attractive companies
- Protecting portfolios in down markets

Important factors that we consider to help identify superior active managers include:

- An investment approach that is consistent and repeatable
- Reasonable expenses
- Mindfulness of the importance of maximizing pre-tax and after-tax performance
- Risk and return analysis
- Managers who invest their own money in the funds they manage
- Portfolio concentration – conviction, keeping risk in mind

Fixed Income

The Tarbox Group includes bond and cash investments in client portfolios to provide stable cash flow. We participate across a full spectrum of fixed income assets, allowing us to invest where we find the greatest potential value, i.e., corporates, agencies, municipals, etc. Individual fixed income portfolio construction involves:

- Controlling portfolio duration to protect from interest rate fluctuations
- Managing the impact of callable bonds
- Cash flow-liability matching, if appropriate
- Building of national and state-specific portfolios

The factors under consideration when constructing the fixed income portfolio include:

- Controlling costs by working with multiple bond sources and technology sources (i.e., Bloomberg) to obtain the highest bond yields
- Minimizing tax impact: Utilization of federal and state tax-free bonds for clients in higher tax brackets
- Asset location: Placement of tax-inefficient holding in tax-deferred accounts when possible

Alternatives

The Tarbox Group client portfolios have an allocation to alternatives, which are typically comprised of mutual funds. We feel that alternatives can potentially reduce portfolio risk and enhance returns because this asset class does not always move in sync with the stock or bond markets. These holdings may include:

- Single-strategy hedge funds
- Hedge fund-of-funds
- Long-short funds
- Arbitrage strategies
- Managed futures
- Value-added real estate partnerships
- Real estate investment trusts (“REITs”)
- Commodities
- Hedged mutual funds
- Private equity
- Structured Settlements

MISCELLANEOUS

Non-Investment Consulting/Implementation Services

To the extent requested by the client, The Tarbox Group may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither The Tarbox Group, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of services should be construed as such. To the extent requested by a client, The Tarbox Group may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation.

Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Please Also Note: It remains the client's responsibility to promptly notify The Tarbox Group if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising The Tarbox Group's previous recommendations and/or services.

Fee Differentials

The Tarbox Group prices its services based upon various objective and subjective factors. As a result, clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by The Tarbox Group to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Client Obligations

In performing its services, The Tarbox Group shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify The Tarbox Group if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising The Tarbox Group's previous recommendations and/or services.

Disclosure Statement

A copy of The Tarbox Group's written Brochure as set forth on Part 2 of Form ADV will be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement or Financial Planning and Consulting Agreement.

Retirement Plan Rollovers-No Obligation/Conflict of Interest

A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an IRA, or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). The Tarbox Group may recommend that a client roll over plan assets to an Individual Retirement Account ("IRA")

managed by The Tarbox Group. As a result The Tarbox Group and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to The Tarbox Group (unless clients engage The Tarbox Group to monitor and/or manage the account while maintained at his/her employer). The Tarbox Group has an economic incentive to encourage a client to roll plan assets into an IRA that The Tarbox Group will manage or to engage The Tarbox Group to monitor and/or manage the account while maintained at the client's employer. There are various factors that The Tarbox Group may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus The Tarbox Group's, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. **No client is under any obligation to rollover plan assets to an IRA managed by The Tarbox Group or to engage The Tarbox Group to monitor and/or manage the account while maintained at the client's employer. The Tarbox Group's Chief Compliance Officer, Laura Tarbox remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

Mutual Funds

Most mutual funds are available directly to the public. Thus, a client or prospective client can obtain many of the mutual funds that may be recommended and/or utilized by The Tarbox Group independent of engaging The Tarbox Group as an investment advisor. However, if a client or prospective client determines to do so, he/she/it will not receive the benefit of The Tarbox Group's initial and ongoing investment advisory services.

C. Advisory Services Tailored to Individual Clients

The Tarbox Group's goal is not to beat a particular index – it is to meet or exceed our clients' specific required or targeted rate of return. No two clients have the same situation, so no two clients have the same investment portfolio. In all cases, the firm's clients appreciate the focus and attention given to their unique situation.

We work with the client to establish a unique Investment Policy Statement ("IPS"), the purpose of which is to agree on a set of general parameters, and select an allocation to one of The Tarbox Group's four model strategies: Stable Growth, Conservative Growth, Moderate Growth and Growth. The appropriate model strategy is based on the appropriate target volatility/return portfolio, given the client's risk tolerance. Once the strategy is selected, the Tarbox Group individually manages each client portfolio in conformity with the IPS.

To build a client customized portfolio, we use the following investment process:

- For individuals and families, we start with a review of the client's current investments, tax situation, income needs, family dynamics, and short- and long-term goals.
- For foundations and endowments, we review the entity's current policy and investment profile in relation to its spending needs.

This provides a risk/reward profile that leads toward the selection of a targeted asset allocation. The client may, at any time, impose reasonable restrictions, in writing, on The Tarbox Group's services.

D. Wrap-Fee Programs

The Tarbox Group does not participate in a wrap fee program.

E. Assets Under Management

As of December 31, 2014, The Tarbox Group had \$412,208,690 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A. Compensation; Fee schedule

The Tarbox Group offers its services on a fee-only basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. As client objectives, security types, account management, and reporting complexity all impact The Tarbox Group's management costs, the minimum account size and rate schedule are negotiable under special circumstances.

Investment Advisory Services

If a client determines to engage The Tarbox Group to provide discretionary investment advisory services on a *fee-only* basis, the annual investment management fee varies (from 0.20% up to 1.00% of the total assets under management), and is based upon various objective and subjective factors, such as the amount of the assets under management and/or advisement, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered.

The Tarbox Group generally requires initial minimum account assets of \$3 million and/or an initial annual minimum fee of \$27,000 for combined planning and investment management services. The Tarbox Group may charge a lesser investment management fee and/or reduce or waive its annual minimum fee or asset level based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Please note: Clients whose assets under management fall below \$500,000 may pay an annual fee equal to 1.25%.

Financial Planning and Consulting Services (Stand-Alone)

To the extent requested by the client, The Tarbox Group may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. The Tarbox Group's financial planning and consulting fees are negotiable, but generally begin at a minimum of \$4,000 to a maximum of \$20,000 for a comprehensive financial plan, depending upon the level and scope of the services required, and the professional(s) rendering the service(s). The Tarbox Group may, at its discretion, also provide hourly financial planning and/or consulting

services. The hourly charge for these services will range from \$175.00 to \$450.00 depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

Before engaging The Tarbox Group to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement which: sets forth the terms and conditions of the engagement (including termination); describes the scope of the services to be provided; and describes the portion of the fee that is due from the client prior to The Tarbox Group commencing services.

If requested by the client, The Tarbox Group may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from The Tarbox Group. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. It remains the client's responsibility to promptly notify The Tarbox Group if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising The Tarbox Group's previous recommendations and/or services.

B. Fee Payment Method

Investment management fees are billed in arrears and payable each quarter. The fee is based on the market value of the account on the last business day of the previous quarter. Although the majority of the Tarbox Group's clients may have their fees deducted from their accounts, clients may choose to be billed directly.

C. Other Types of Fees/Expenses

Management fees paid to The Tarbox Group are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other parties. These charges could include custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer fees, electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. The Tarbox Group does not receive any portion of these commissions, fees, or costs, and strives to negotiate and minimize such expense wherever possible. Also, relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian. Please refer to Section 12 – Brokerage Practices for a more detailed discussion of brokerage practices.

D. Fees in advance

Investment advisory fees are billed in arrears and payable each quarter.

E. Additional Compensation

Neither The Tarbox Group, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither The Tarbox Group nor any supervised person of The Tarbox Group accepts performance-based fees.

Item 7 Types of Clients

The Tarbox Group provides advisory services to the following types of clients:

- Individuals
- Business entities
- Pension and profit sharing plans
- Trusts
- Estates
- Charitable organizations

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. The Tarbox Group may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Tarbox Group may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

We focus on the “big picture” decisions that seek to maximize the likelihood that investment returns will meet client objectives. Our investment philosophy encompasses what we feel are the top three most important factors in designing a portfolio:

- Strategic asset allocation: This is the most significant component affecting portfolio returns.

- Diversification: It is essential to diversify among asset classes, investment styles and holdings to reduce risk.
- Costs: Keeping expenses and taxes to a minimum has a tremendous effect on long-term returns.

The Tarbox Group's investment philosophy is centered on the assumption that the most securities markets are generally efficient. The firm does not engage in individual stock picking, believing that a well-diversified portfolio will outperform an actively managed portfolio over most full market cycles. The firm also does not engage in market timing, maintaining client allocations throughout market cycles.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

- B. The Tarbox Group's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis The Tarbox Group must have access to current/new market information. The Tarbox Group has no control over market information, and unknowingly may make decisions with outdated market information, limiting the value of the analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Tarbox Group's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, The Tarbox Group primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, and/or mutual funds on a discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

The Tarbox Group has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither The Tarbox Group, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

- B. Neither The Tarbox Group, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Neither The Tarbox Group, nor its representatives have any arrangements that would be material to its advisory business or to its clients.
- D. The Tarbox Group does not recommend or select other investment advisors for its clients.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. The Tarbox Group maintains an investment policy relative to personal securities transactions. This investment policy is part of The Tarbox Group's overall Code of Ethics, which serves to establish a standard of business conduct for all of its Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, The Tarbox Group also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by The Tarbox Group or any person associated with The Tarbox Group

- B. Neither The Tarbox Group nor any related person recommends, buys, or sells for client accounts, securities in which The Tarbox Group or any related person of The Tarbox Group has a material financial interest.
- C. The Tarbox Group and/or representatives of The Tarbox Group *may* buy or sell securities that are also recommended to clients. This practice may create a situation where The Tarbox Group and/or representatives of The Tarbox Group are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if The Tarbox Group did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of The Tarbox Group's clients) and other potentially abusive practices.

The Tarbox Group has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of The Tarbox Group's "Access Persons". The Tarbox Group's securities transaction policy requires that Access Person of The Tarbox Group must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date The Tarbox Group selects; provided, however that at any time that The Tarbox Group has only one Access Person, he or she will not be required to submit any securities report described above.

- D. The Tarbox Group and/or representatives of The Tarbox Group *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where The Tarbox Group and/or representatives of The Tarbox Group are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, The Tarbox Group has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of The Tarbox Group's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that The Tarbox Group recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct The Tarbox Group to use a specific broker-dealer/custodian), The Tarbox Group generally recommends that investment management accounts be maintained at *TD Ameritrade*. Prior to engaging The Tarbox Group to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with The Tarbox Group setting forth the terms and conditions under which The Tarbox Group will manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that The Tarbox Group considers in recommending *TD Ameritrade* (or any other broker-dealer/custodian to clients) include historical relationship with The Tarbox Group, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by The Tarbox Group's clients will comply with The Tarbox Group's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where The Tarbox Group determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although The Tarbox Group will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, The Tarbox Group's investment management fee. The Tarbox Group's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, The Tarbox Group may receive from *TD Ameritrade* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist The Tarbox Group to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by The Tarbox Group may be investment-related research, pricing information and market data, software and other technology that provide access to client account data,

compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by The Tarbox Group in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist The Tarbox Group in managing and administering client accounts. Others do not directly provide such assistance, but rather assist The Tarbox Group to manage and further develop its business enterprise.

The Tarbox Group's clients do not pay more for investment transactions effected and/or assets maintained at *TD Ameritrade* as a result of this arrangement. There is no corresponding commitment made by The Tarbox Group to *TD Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

TD Ameritrade Institutional Advisor Program. The Tarbox Group participates in the Institutional Advisor Program (the "*TD Program*") offered by TD Ameritrade Institutional, which is a division of *TD Ameritrade*. The Tarbox Group receives some benefits from *TD Ameritrade* through its participation in the *TD Program*. There is no direct link between The Tarbox Group's participation in the *TD Program* and the investment advice it gives to its clients, although The Tarbox Group receives economic benefits through its participation in the *TD Program* that are typically not available to *TD Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving The Tarbox Group participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to The Tarbox Group by third party vendors. *TD Ameritrade* may also have paid for business consulting and professional services received by The Tarbox Group's related persons. Some of the products and services made available by *TD Ameritrade* through the program may benefit The Tarbox Group but may not benefit its client accounts. These products or services may assist The Tarbox Group in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help The Tarbox Group manage and further develop its business enterprise. The benefits received by The Tarbox Group or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*.

TD Ameritrade Institutional Advisor Panel. The Tarbox Group serves on the TD Ameritrade Institutional Advisor Panel ("Panel"). The Panel consists of approximately thirty (30) independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent

advisor community. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TDA Institutional senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. The Tarbox Group's current term expires on March 2017. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses The Tarbox Group for the travel, lodging and meal expenses The Tarbox Group incurs in attending Panel meetings. The benefits received by The Tarbox Group or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by The Tarbox Group or its related persons in and of itself creates a potential conflict of interest and may indirectly influence The Tarbox Group's recommendation of TD Ameritrade for custody and brokerage services.

The Tarbox Group's Chief Compliance Officer, Laura Tarbox, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.

2. The Tarbox Group does not receive referrals from broker-dealers.
3. The Tarbox Group does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and The Tarbox Group will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by The Tarbox Group. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs The Tarbox Group to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through The Tarbox Group. Higher transaction costs adversely impact account performance.

The Tarbox Group's Chief Compliance Officer, Laura Tarbox, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that The Tarbox Group provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless The Tarbox Group decides to purchase or sell the same securities for several

clients at approximately the same time. The Tarbox Group may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among The Tarbox Group’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Tarbox Group will not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom The Tarbox Group provides investment supervisory services, account reviews are conducted on an ongoing basis by The Tarbox Group’s Principals and/or representatives.

The Tarbox Group maintains a disciplined, ongoing approach towards portfolio reviews to:

- Rebalance the portfolios through time to the target asset class allocations set forth in each client’s Investment Policy Statement.
 - Rebalancing is implemented on an “as-needed” basis and not on any periodic schedule.
 - Realize tax losses (“tax loss harvesting”).
 - Identify bonds maturing or being redeemed early so the proceeds can be efficiently and timely reinvested.
 - Identify new funds deposited or assets transferred into the account for effective investment and allocation.
 - Review and accommodate client’s cash needs (in case cash is needed for the client to withdraw on a scheduled, periodic, or one- time basis).
 - Implement decisions made by the Tarbox Group’s Investment Committee to change portfolio composition.
 - Accommodate client-directed modifications.
- B. The Tarbox Group *may* conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Tarbox Group may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

The Tarbox Group does not accept referral fees from other professionals when a client is referred to another firm.

The Tarbox Group:

- Does not charge any markup on any securities purchased or sold for clients.
- Does not receive any compensation based on the securities used in the portfolios managed.
- Does not receive commissions of any kind from trades executed for its clients.

Custodian broker-dealers (see Item 12: Brokerage Practices) and mutual fund companies may also make available to the Firm other products and services that may directly benefit the Firm. These services may include (i) compliance, legal and business consulting; (ii) publications and conferences on practice management; and (iii) educational or business events. The Tarbox Group strives to avoid having such economic benefits impact either the selection of investments or its recommendation for custodial relationships.

- A. As referenced in Item 12.A.1 above, The Tarbox Group may receive an indirect economic benefit from *TD Ameritrade*. The Tarbox Group, without cost (and/or at a discount), may receive support services and/or products from *TD Ameritrade*.

The Tarbox Group's clients do not pay more for investment transactions effected and/or assets maintained at *TD Ameritrade* as a result of this arrangement. There is no corresponding commitment made by The Tarbox Group to *TD Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

TD Ameritrade Additional Services. The Tarbox Group also receives from *TD Ameritrade* certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. *TD Ameritrade* provides the Additional Services to The Tarbox Group in its sole discretion and at its own expense, and The Tarbox Group does not pay any fees to *TD Ameritrade* for the Additional Services. The Tarbox Group and *TD Ameritrade* have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

The Tarbox Group's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to The Tarbox Group, *TD Ameritrade* most likely considers the amount and profitability to *TD Ameritrade* of the assets in, and trades placed for, The Tarbox Group's Client accounts maintained with *TD Ameritrade*. *TD Ameritrade* has the right to terminate the Additional Services Addendum with The Tarbox Group, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from *TD Ameritrade*, The Tarbox Group may have an incentive to recommend to its Clients that the assets under management by The Tarbox Group be held in custody with *TD Ameritrade* and to place transactions for Client accounts with *TD Ameritrade*. The Tarbox Group's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

The Tarbox Group's Chief Compliance Officer, Laura Tarbox, remains available to address any questions that a client or prospective client may have regarding the

above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. Neither The Tarbox Group nor related persons of The Tarbox Group compensate non-supervised persons for client referrals.

Item 15 Custody

The Tarbox Group will have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Tarbox Group may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that The Tarbox Group provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by The Tarbox Group with the account statements received from the account custodian.

Please Also Note: The account custodian does not verify the accuracy of The Tarbox Group's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage The Tarbox Group to provide investment advisory services on a discretionary basis. Prior to The Tarbox Group assuming discretionary authority over a client's account, client will be required to execute *Investment Advisory Agreement*, naming The Tarbox Group as client's attorney and agent in fact, granting The Tarbox Group full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage The Tarbox Group on a discretionary basis may, at any time, impose restrictions, **in writing**, on The Tarbox Group's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe The Tarbox Group's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Tarbox Group does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client will be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact The Tarbox Group to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Tarbox Group does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Tarbox Group is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Tarbox Group has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Tarbox Group's Chief Compliance Officer, Laura Tarbox, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.