

# **TPW Financial**

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

This brochure provides information about the qualifications and business practices of TPW Financial. If you have any questions about the contents of this brochure, please contact us at 617-614-9889. 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 TPW Financial is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 24, 2014 we have made no material changes to our Brochure.

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## Item 4 Advisory Business

The Program Works, Inc. d/b/a TPW Financial is owned by the Chitra Staley Subchapter S Trust. Chitra Staley is our chief Compliance Officer and Jonathan Harrison Staley is our Chairman.

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

As of December 31, 2014, TPW had the following assets under management (UM):

Assets Under Management	Assets
Discretionary Assets	\$246,813,013
Non-Discretionary Assets	\$13,829,763
<b>Total</b>	<b>\$260,642,776</b>

## Item 5 Fees and Compensation

TPW charges fees based on AUM

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

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

Our fee is negotiable for clients with substantial assets.

Depending on the arrangements made at the time of the engagement, we may agree to charge on a fixed fee basis. In such cases, our fees range from \$10,000 to \$50,000 depending on the scope and complexity of the portfolio.

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

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

## Item 6 Performance-Based Fees and Side-By-Side Management

TPW does not charge any such fees.

## Item 7 Types of Clients

TPW provides services to

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

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

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

The investment philosophy at TPW Financial (TPW) is to manage the risk in the portfolio, and then try to add return by investing in client appropriate asset classes and investments. Hence, each client's portfolio is customized to be appropriate for the individual client in terms of both risk and return. Income oriented clients will have a larger percentage allocated to fixed income.

Clients with lower level of risk tolerance will have a lower allocation to equities. For clients who have substantial assets and have a longer time horizon and are willing to invest in certain private placement investments, we will structure a portfolio with a larger allocation to equities, and some investments in private placement. We try to recommend private placement investments that are sponsored, operated and managed by the same entity for more accountability, and diversify amongst them so that each investment does not represent more than 5% of the client's total liquid assets. In addition, we explain the potential downside risk to each client and only invest in a particular private placement if the client is willing to do so.

For the equity portfolio we construct a model portfolio consisting of actively managed mutual funds, electronically traded funds (ETFs), and in a very few cases individual securities when requested by a client. For the model portfolio we try to diversify risk by constructing the portfolio with funds that have different investment strategies and use stocks with different market capitalization. The strategy is to reduce stock overlap risk and thereby concentration risk, and to balance the portfolio to achieve net overall appreciation at different times of the market cycle.

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

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

## Item 9 Disciplinary Information

TPW does not have any disciplinary actions filed against it.

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

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

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

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

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

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

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

## **Item 12 Brokerage Practices**

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

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

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

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

## **Item 13 Review of Accounts**

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

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

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

TPW does not pay any referral fees for client referrals.

## **Item 15 Custody**

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

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

Clients are encouraged to create an online account with Fidelity to access their accounts via the internet. We encourage our clients to review their statements and all transactions. Additionally, Fidelity and the other brokerage firms send copies of all trade transactions to the clients.

## **Item 16 Investment Discretion**

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

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

## **Item 17 Voting Client Securities**

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

## **Item 18 Financial Information**

TPW does not accept prepayment of any fees.

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

TPW has never filed for bankruptcy.