

Firm Brochure
(Part 2A of Form ADV)

MCNAMARA FINANCIAL SERVICES, INC.

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This brochure provides information about the qualifications and business practices of McNamara Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at: 781-834-2010, or by email at: alyssa@mcnamarafinancial.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 McNamara Financial Services is available on the SEC's website at www.adviserinfo.sec.gov.

February 27, 2017

Item 2 Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually and from time to time when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Annual Update

This Item discloses material changes made to this Brochure since its last annual update. Since the last annual update of this Brochure dated March 30, 2016, there have been no material changes.

You can also find out more about us and receive our current Brochure from the SEC's website: www.adviserinfo.sec.gov. The SEC site can also give you information about people who are registered, or about to be registered, as Investment Adviser Representatives of our firm.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 781-834-2010 or by email at: Alyssa@mcnamarafinancial.com.

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Item 4 Advisory Business

A. Firm Description

McNamara Financial Services, Inc. ("McNamara Financial Services" or the "Firm") was formed in 2005.

The Firm offers investment management services for individuals, trusts, endowments, retirement plans and other legal entities. In general, the Firm seeks to provide maximum risk adjusted returns over long term time horizons based on clients' investment objectives consistent with clients' desired risk levels, time frame, and investment constraints.

Investment advice is provided based on the information provided by the client, including but not limited to, the client's financial situation, goals and investment objectives. The Firm does not act as a custodian of client assets. The client always maintains control of his or her assets. The Firm places buy, sell and re-balancing trades for clients through client-authorized investment discretion.

The Firm may rely on third-party asset allocation sources for securities analysis methods and as sources of information for determining investment strategies, including but not limited to Litman Gregory Asset Management, an unaffiliated third-party investment adviser. Additional sources of information include financial newspapers and magazines, research materials prepared by others, and corporate rating services. Also, under the Investment Services Agreement, clients authorize the Firm to have investment discretion on behalf of clients to hire and fire third-party money managers, from time to time.

Clients are encouraged to consult legal, accounting, tax and such other professionals of their choosing regarding their particular situations. Neither McNamara Financial Services, Inc., nor its employees provide legal, accounting or tax advice. When appropriate, the Firm may recommend lawyers, accountants, insurance agents, etc.; however, client must do his/her/its own assessment and determination before retaining any such professionals. The Firm is not compensated for making any such recommendations, and is under no obligation to follow-up on such recommendations.

Principal Owners

Michael McNamara, President, CERTIFIED FINANCIAL PLANNER™ owns 80% of the Firm. Alyssa McNamara Reed, Secretary, Treasurer, CERTIFIED FINANCIAL PLANNER™, Chief Compliance Officer, owns 10% of the Firm. Justin McNamara, Vice President and CERTIFIED FINANCIAL PLANNER™ owns 10% of the Firm.

B. Types of Advisory Services

McNamara Financial Services provides investment supervisory services, also known as investment management services; and furnishes investment advice through consultations. In addition, Clients may select for McNamara Financial Services to provide financial planning services, pursuant to which, a financial plan is designed to help the client with client-designated aspects of financial planning with or without ongoing investment management after the financial plan is completed. From time to time, the Firm may offer advice to clients on matters not involving securities, upon their request.

C. Individualized Services

McNamara Financial Services has developed certain recommendations and strategies for investment management clients referred to as Strategic Asset Allocation Investment Strategies based on the client-identified objectives and incorporated client-specified restrictions, if any. Each strategy is based on a range of various categories of investments. As a general guide, client objectives may fall within the following descriptions:

- Most Conservative - This objective is the most conservative and focuses on the preservation of the initial investment and the generation of current income. A portfolio designed to address this objective will typically reflect that a majority of the assets are invested in fixed-income/bonds/cash or cash equivalents with little or no equity investments. Such a portfolio may fluctuate less than the overall market, but there is no guarantee of the same.
- Moderate - This objective targets a balanced asset allocation consisting of equities/stock and fixed-income/bonds consistent with the overall market. A portfolio designed to address this objective seeks to provide growth as the primary objective with income as a secondary objective. A typical allocation would be relatively equal allocations to equities/stocks and fixed-income/bonds/cash/cash equivalents. Such a portfolio may demonstrate similar fluctuation characteristics as the overall market, but there is no guarantee of the same.
- Most Aggressive - This objective seeks growth potential with no focus on generating current income. This long-term oriented portfolio is typically invested in equity-oriented stocks and offers the highest level of both risk and potential return. Such a portfolio may exhibit significant volatility during periods of market fluctuation, but there is no guarantee of the same.

Advisory recommendations and/or strategies may or may not vary among clients, notwithstanding similar investment objectives, risk tolerances and/or other factors. No assurance can be given about the ultimate results or success of any investment or insurance recommendation or strategy. The client is encouraged to review all investment-related topics, together with McNamara Financial Services' recommendations, with his/her/its counsel, accountants and/or other advisers, from time to time.

Investment Services Agreements

Clients of McNamara Financial Services shall enter into an Investment Services Agreement, under which the Client shall select one or more of the following services:

a. Investment Management Services

Clients may choose to have McNamara Financial Services manage their assets on a discretionary basis based on client-provided investment goals and objectives.

Generally, assets may be invested in no-load, load-waived mutual funds and exchange-traded funds. If a commission based mutual fund is recommended it will be purchased for the client's account load waived (without commission). Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Generally, no-load or load-waived Mutual Funds and Exchange Traded Funds (ETFs) are the primary recommended investment vehicles at McNamara Financial Services. On some occasions, as circumstances may warrant, investment recommendations may include individual securities (stocks and bonds), municipal securities, variable annuities, certificates of deposit and U. S. government securities for client accounts. Initial public offerings (IPOs) are not available through McNamara Financial Services.

b. Financial Planning Services

For clients selecting financial planning services, McNamara Financial Services develops a plan and/or provides financial planning services selected by the client based upon client-provided information and objectives. A financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic planning; a review of retirement accounts and plans including recommendations; one or more retirement scenarios; and education

planning with funding recommendations. Neither McNamara Financial Services, Inc., nor its employees provide legal, specific insurance or tax advice. Clients are encouraged to consult and review their financial plan with legal, insurance and tax professionals of their choosing.

Implementation of the recommendations of a financial plan (not coupled with Investment Management Services) is at the discretion of the client, and is not provided as part of McNamara Financial Services Financial Planning services.

c. Financial Consulting Services

Clients may also select financial consulting services for limited purposes, which may include consulting services relating to opening or closing an account with a client-selected third party provider; advising clients on non-investment related options in transferring client-identified assets to a new or existing account with a client-selected third party provider; or other non-investment related consulting services requested and identified by the client.

Clients selecting Financial Consulting Services do not retain the Firm for, and the Firm does not provide such Client with, financial planning services or a financial plan, as the Firm is not provided with comprehensive information about Client's financial situation, goals and objectives, beyond those specific client-identified objective(s). Further, such a client is not retaining the Firm for, and the Firm does not provide such Client with, investment management services, as such a client is not granting the Firm with discretionary authority over Client's assets or account(s) and the Firm will not be providing recommendations or services relating to specific investments or securities, and the Firm will not have any access or authority over Client's assets or accounts.

d. Pension Consulting Services & Educational Seminars and Workshops

McNamara Financial Services may offer pension consulting services to corporations and businesses on a non-discretionary basis. In providing this service, McNamara Financial Services will assist the client/plan sponsor with implementation of the employer's defined benefit or defined contribution plan and may also offer educational seminars and workshops to plan participants. In conducting such educational seminars, McNamara Financial Services provides general instruction regarding the structure of the plan and discusses overall investment strategies, including asset allocation and diversification among various asset classes. McNamara Financial Services may provide product-specific advice to plan participants; however, does not receive any additional compensation when making such recommendations.

e. Agreements Generally

The scope of work and fee for the client-selected services is set forth in Investment Services Agreement, Financial Planning Services Agreement, and/or Financial Consulting Services Agreement (collectively "Services Agreement"), as applicable, provided to the client in writing prior to the start of the relationship. Such Agreements may not be assigned without client consent. Transactions which do not result in an actual change in control or management are not considered an assignment, unless otherwise provided under applicable law.

Termination of Agreement

(a) The Client has the absolute right to terminate a Services Agreement by notice to the Firm within five (5) business days from the date of execution.

(b) Either the Firm or the Client may terminate a Services Agreement at any time by providing written notice to the other party, effective upon receipt of such written notice.

(c) If the Client is a natural person, death, disability or incompetency will not terminate or change the terms of the Services Agreement. However, such Client's executor, guardian, attorney-in-fact or other authorized representative may terminate this Agreement by giving written notice to the Firm.

(d) Termination of the Investment Services Agreement will not affect (i) the validity of any action previously taken by the Firm under the Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (iii) Client's obligation to pay advisory fees (pro-rated through the date of termination). Upon the termination of an Investment Services Agreement, the Firm will have no obligation to recommend or take any action with regard to the securities, cash or other investments in the Client's account(s). Upon the termination of the Investment Services Agreement, the Firm will have no obligation to recommend or take any action with regard to the securities, cash or other investments in the Accounts and the Firm shall cease to have any responsibility or liability with respect to Client or account.

(e) Upon notice of termination the Investment Services Agreement, the Firm will await further instructions from the client as to what steps client requests to liquidate and / or transfer the portfolio and remit the proceeds. The Firm will not perform any management activities in any of the clients' accounts upon notice of termination other than those required to meet its fiduciary obligations. Upon instructions received, the Firm will instruct the client's designated broker-dealer, mutual fund sponsors and/or others to liquidate and / or transfer all or a portion of the portfolio and either send a check to the client or transfer proceeds to a client's bank account. If the client wishes to transfer securities in an investment account(s) that transfer process must be initiated by the client or the client's new financial adviser.

D. Wrap Fee Program

The Firm does not sponsor or participate in a wrap fee program.

E. Assets Under Management

As of December 31, 2016, McNamara Financial Services manages the following assets under management:

	<u>Non-Discretionary</u>	<u>Discretionary</u>	<u>Total</u>
Accounts:	80	2000	2080
Assets	\$6,336,300	\$348,000,000	\$354,336,300

Item 5 Fees and Compensation

A. Description

a. Investment Management Fees. McNamara Financial Services bases its fees for its discretionary Investment Management Services on a percentage of assets under management, depending upon the client's financial situation, and as may be agreed by the client in writing. Generally, the annual Investment Management Services fees may range from 0.25% to 1.05% depending upon the market value of the assets under management and the type of investment management services to be rendered, i.e., different fee schedules may apply to retirement plan accounts and accounts including variable annuities. The following is a tiered fee schedule generally applicable to new clients on amounts comprising such client's portfolio representing the annual fee percentages.

Current client relationships may exist where the fees are higher or lower than the fee schedule below, and, as noted below, fees may be negotiated between the Firm and the client in writing:

Tier	Applies to Assets Under Management	Fees
1	The first \$250,000	1.05%
2	Next \$750,000	0.90%
3	Next \$1,000,0000	0.70%
4	Next \$1,000,000 +	0.35%

Lower fees for comparable services may be available from other management firms.

b. Financial Planning Fees. Financial Planning Fees may be charged on a flat fee basis and can generally range from \$500 to \$2,500, which shall be determined based on the service options selected by the client in the Financial Planning Agreement. Fee levels may vary based upon the overall complexity of the services requested by the client, the financial circumstances and information provided by the client, the time frame for the requested planning services, the frequency of meetings, and other factors.

Alternatively, Financial Planning Fees may be charged on an hourly basis as may be agreed between the Firm and the Client, from time to time, generally in a range from \$150 to \$300 per hour based upon the complexity of the financial plan and services selected by the Client.

The fixed fee and/or hourly rates charged for these services will be specified in a client agreement executed before service begins.

If the client engages McNamara Financial Services for Investment Management Services, the Firm may waive all or a portion of the amount of the customary fees paid for financial planning services.

c. Financial Consulting Fees. Fees for limited Financial Consulting Services will be charged on a flat-fee basis as agreed to with the Client, based on the scope of the services selected by the Client, the complexity of the matter and other considerations. Such fees are generally due within fifteen days from invoice.

d. Pension Consulting Service Fees. Fees for Pension Consulting Services range from 0.25% - 1.00%, based on various factors which include company size, assets, and number of participants. Fees may be billed in advance or arrears, as specified in the agreement, and may be directly deducted from plan assets or may be invoiced.

e. Fees Generally. Fees are negotiable and may be waived at the sole discretion of the Firm based upon certain criteria from time to time (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). The Firm may manage employees and/or family accounts for a reduced fee or free of charge.

The aggregate amount paid by clients may vary, and clients (given the differences between and among clients, their needs and their distinct objectives, and the possible varying complexities) may pay different rates and/or fees, which means different clients may receive the same services, but pay different rates and/or fees. Client may be able to obtain comparable services provided by and/or through others for lower fees than those summarized above.

B. Fee Billing

a. Investment Management Fees. The management fee is payable quarterly in advance based on the average daily balance of all assets in the Account(s) during the prior calendar quarter. In any partial calendar quarter, the management fee will be prorated based on the number of days that the Account was open during the quarter. Accounts with assets invested in shares of mutual funds or other investment companies ("funds") will be included in calculating the value of the Account for purposes of computing the management fee and the same assets will also be subject to additional advisory and other fees and expenses, as set forth in the prospectuses of applicable funds, ultimately borne by the investor. McNamara Financial Services shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the Client. Unless otherwise specified in writing, upon entering the Investment Services Agreement, clients selecting investment management services authorize the asset-based fees to be paid directly from his/her account, which may be performed by the third party custodian.

The Client or Firm may terminate the Investment Services Agreement upon written notice of termination. Should the termination of the Agreement occur during a billing quarter, all pre-paid, unearned fees will be refunded to the client based on the number of days that the Account was under management during the quarter.

b. Financial Planning Fees. Flat fees for financial planning services are generally invoiced and due and payable on a monthly basis. The initial annual fee is due upon execution of the Financial Planning Services Agreement. On-going monthly fee are generally due on the last day of each month, which may be paid electronically if authorized by the client in writing.

The Client or Firm may terminate the Financial Planning Services Agreement upon written notice of termination. Should the termination of the Agreement occur before the client receives a financial plan and/or initial recommendations from McNamara Financial Services, such client may be entitled to refund of fees paid, prorated based on the amount of work completed on the matter through the receipt of the notice of termination. Should the client terminate the Agreement at any time after McNamara Financial Services has performed under the Agreement, or if the client terminates the services and has not provided McNamara Financial Services with the complete and accurate information concerning client's financial situation necessary for the services, McNamara Financial Services reserves the right in its sole discretion to limit the amount of any such refund, if any.

C. Other Costs and Expenses

In addition to all fees set forth in the Investment Services Agreement due to McNamara Financial Services, client is responsible as follows:

a. Client will be responsible for paying applicable transaction fees and all other fees or charges of the custodian (TD Ameritrade or other client-designated broker-dealer or custodian). The Client understands that fees and expenses, additional and separate from the fees paid to McNamara Financial Services for services hereunder may be due and payable as agreed or directed by the Client, including broker-dealer services, custodian fees, ticket, redemption, transaction charges, other fees and charges incurred in connection with the purchase, sale or redemption of securities, mutual fund fees and expenses and such other charges charged directly to his/her/its accounts, as

well as consulting services from financial, tax and legal professionals; fees and expenses payable to mutual funds or similar managed assets or accounts owned by the Client. Client is not entitled to refunds of such charges paid in connection with the execution of securities transactions on termination. Client should review all costs and expenses directly with third party providers. For further information see Item 12 below.

b. In addition, any mutual fund shares held in client accounts may be subject to 12b-1 fees, short-term redemption fees, and other mutual fund annual expenses. The fees and expenses should be described in the fund's prospectus, available upon request. All fees paid to the Firm for our services are separate and distinct from the fees and expenses charged by mutual funds and/or Exchange Traded Funds (ETFs). Mutual funds pay advisory fees to their managers and such fees are therefore indirectly charged to all holders of the mutual fund shares. ETFs may have internal costs as well that are paid by the client.

c. Further, a client may pay transaction fees for the purchase of mutual fund securities and/or no-load variable annuities that the client may or may not pay if the client had purchased the security directly (i.e., no-load mutual funds). There may be additional fees and charges (e.g., IRA, custodial fees) charged by the qualified custodian or other clearing brokers.

d. Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50% means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by Client to McNamara Financial Services. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

e. Client is solely responsible for any and all tax and other consequences arising from his/her/its portfolio.

f. Clients are advised that when securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge), outgoing transfer fees and / or tax ramifications. McNamara Financial encourages each client to review any and all recommendations made by the Firm with his/her/its legal, tax, financial and/or other advisors of their choosing.

D. Redemptions / Liquidations

As investment management fees are billed quarterly, in advance (meaning that the Firm will generally invoice the Client at the outset of three-month billing period has begun), if in any partial advisory fee cycle, the entire account is withdrawn from management, the advisory fee will be pro-rated on the number of days the assets are under management during the particular advisory fee period. Generally, clients who withdraw funds from a managed account during a billing period may not generally be entitled to a pro rata refund unless they are terminating their Investment Services Agreement with the Firm.

There may be instances when investments have to be liquidated or certain shares redeemed in order to terminate the account or generate sufficient cash to cover compensation due to the Firm. Client authorizes the Firm to effect such redemptions and/or liquidations as its compensation becomes due. If and when such liquidation or redemption becomes necessary, client is responsible for any attendant transaction costs including, without limitation, service fees.

In the event there is insufficient cash available in the money market fund in the account to effect payment of compensation to the Firm, the Firm will generally direct the liquidation/redemption of securities by first redeeming, as necessary and if possible, securities within a client's account for which no transaction fee will be generated and additional redemption necessary to effect full payment of compensation due to Firm will be made within the discretion of the Firm. Clients are advised that when securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and / or tax ramifications. The client is encouraged to review all such potential tax implications with his/her counsel, accountants and/or other advisers.

E. Other Forms of Compensation / Potential Conflicts of Interest

There are potential conflicts of interest inherent in any business relationship. While McNamara Financial strives to avoid and minimize all potential conflicts of interest, the Firm thinks it is important for Clients to understand certain potential conflicts that may exist.

When an investment adviser is compensated by a fee for assets under management, potential conflicts may exist, including but not limited to the following: (i) An incentive may exist to recommend a more aggressive than necessary investment strategy for client, i.e., if the client earns more on an investment, greater fees would be generated. (ii) There may be an incentive to discourage clients from withdrawing money from accounts, i.e., if client accounts shrink in value, lesser fees would be generated. (iii) There may be an incentive to encourage clients to save and invest more money than is necessary for needs such as college costs or retirement, i.e., the larger the account, the greater potential for fees.

When an investment adviser is compensated by a flat fee for financial planning services (i.e., a fixed sum of money per year and/or month) certain potential conflicts may exist, including but not limited to the following: (i) An incentive may exist to spend lesser time than may be necessary on a client's financial affairs as the fee has already been paid. (ii) An incentive may exist not to meet or talk with clients by phone as frequently as a client may expect or like or as often may as necessary, as time is money.

When an investment adviser is compensated by the hour for financial planning fees, certain potential conflicts may exist, including but not limited to the following: (i) An incentive may exist to bill for more time than may be spent working on clients' financial situations. (ii) An incentive may exist not to work as timely and as efficiently as may be warranted in all situations. (iii) An incentive may exist to have lesser compensated and less knowledgeable employees work on matters and charge an unjustified higher hourly rate.

All of the above potential conflicts are instances where an incentive may exist to place an investment adviser's interests ahead of those of its clients. That is not a good way to run a business. That is also not conducive for long term client relationships. McNamara Financial strives to run a good business in an effort to build and maintain long term relationships with our clients, and provide services consistent with our fiduciary obligations to our clients.

Client may be able to obtain comparable services provided by the Firm by and/or through others for lower percentages and fees.

Item 6 Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities. The Firm does not use a performance-based fee structure because of the potential conflict of interest. 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 than may be appropriate for the client.

Item 7 Types of Clients

Description

McNamara Financial Services generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or business entities, and government entities. Client relationships vary in scope and length of service.

Account Minimums

The Firm does not impose a minimum portfolio size or minimum annual fee for clients or prospective clients.

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

A. Methods of Analysis

Investing in securities involves risk of loss that investors should be sure they understand and should be prepared to bear.

The Firm employs Modern Portfolio Theory to design an appropriate portfolio for each of its clients. Modern Portfolio Theory is a theory of investment which tries to attain portfolio expected return for a given amount of portfolio risk, or equivalently reduce risk for a given level of expected return, by carefully choosing the proportions of various assets. Please note that there is no investment strategy that will guarantee a profit or prevent loss.

Use of Third Party Research. McNamara Financial Services, for clients selecting discretionary investment management services, may utilize the research recommendations of third party advisers, including, but not limited to Litman Gregory Asset Management, an unaffiliated investment adviser. Litman Gregory, and/or others may supply McNamara Financial Services with asset allocation recommendations and research, which may be used in managing accounts in the model portfolio programs. McNamara Financial Services pays an annual fee for client accounts that are managed using the Litman Gregory research and services.

B. Investment Strategies

The baseline investment strategy used on client accounts is Strategic Asset Allocation, a portfolio strategy with a focus on asset allocation to balance risk and reward by allocating assets among a variety of asset classes that also involves periodically rebalancing the portfolio.

McNamara Financial Services also employs Strategic Asset Allocation with a Tactical Asset Allocation component, which is an investment strategy that adjusts a portfolio's asset allocation from time to time as well as rebalancing over time via the tactical allocations decisions that may be made from time to time by the applicable third party provider and as implemented by McNamara Financial Services. McNamara Financial Services may, in its discretion, select, retain and/or replace third party portfolio strategists, sub-adviser and/or others in preparing these strategies.

A mix of actively managed investments, including mutual funds, passive mutual funds, indices and ETFs may be used in each of the above strategies. These strategies are reviewed with prospective clients, from time to time.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Client may execute within the Investment Services Agreement or within a separate Investment Policy Statement outlining their objectives, risk tolerance, and their desired investment strategy, from time to time.

C. Risk of Loss

All investment programs have certain risks that are borne by the investor, including but not limited the following risks:

- **Default Risk:** A company issuing a stock or bond may go out of business and thus default on its bond obligations and have the stock become worthless.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Interest-rate Risk:** Fluctuations in interest rates may cause bond investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Inflation Risk:** When any type of inflation is present, real purchasing power of money invested may be reduced by a rise in the general level of prices, as a result purchasing power may erode at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. As a result, they may carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed

income securities.

Risks of Specific Securities Utilized

Some common risks clients should consider prior to investing in particular securities may include:

- **Securities Generally.** Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sales and options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.
- **ETF Investment.** Clients investing in ETFs should be aware that a reasonable amount of time will be needed to purchase, redeem and/or transfer assets, and the Firm is not liable for losses due to market value fluctuations during the time taken for these transactions. ETFs are registered investment companies that trade on an exchange like a stock. Trading prices may not reflect the actual net asset value of the underlying securities. ETFs can entail market, sector and industry risks similar to direct stock ownership.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that the Client should be prepared to bear.

Item 9 Disciplinary Information

Legal and Disciplinary

McNamara Financial Services is required to disclose whether there are legal or disciplinary events that are material to a client's or a prospective client's evaluation of our advisory business or the integrity of our management. The Firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Pursuant to an Offer of Undertakings and Representations and Consent to Entry of Order with the Massachusetts Securities Division dated March 11, 2013, Justin J. McNamara agreed to pay unpaid back registration fees and administrative assessments.

Item 10 Other Financial Industry Activities and Affiliations

Financial Industry Activities

Generally, neither McNamara Financial Services nor any of its Investment Advisory Representatives sells products or services other than investment advice (e.g., Investment Management Services; Financial Planning Services; and Financial Consulting Services as described above in Item 4 above) to clients; however, one of the firm's management persons, in her capacity as an insurance agent, may sell insurance products or services, and may be compensated for same as described below.

One of the firm's management persons is also a licensed insurance agent appointed with various insurance companies, and in such capacity, may recommend the purchase of certain insurance products. A conflict of interest exists to the extent that the Firm recommends the purchase of insurance products where its Investment Advisory Representative receives insurance commissions or other additional compensation.

The Firm has sponsored a weekly talk radio show on WATD (95.9 FM) in Marshfield, MA since 1990. The show currently airs on Saturday mornings. The Firm compensates WATD for the show. Generic financial planning and investment topics are discussed on the show, in addition to local and regional topics of interest. The owners of the Firm host the show and are usually accompanied by a co-host in the areas of real estate, accounting and taxes, estate planning, mortgages or employee benefits. These co-hosts may compensate the Firm for their participation.

In addition, the Firm may develop and present seminars and related presentations dealing with the intersection of financial planning and related issues, with other professionals, such as attorneys, insurance professionals and tax professionals, from time to time. Further, from time to time, some of these professionals may have subleasing arrangements with McNamara Financial Services for office space within the same building as McNamara Financial Services' offices. Such professionals are independent of and unaffiliated with McNamara Financial Service, Inc. While such professionals may from time to time refer clients to McNamara Financial Services, Inc., McNamara Financial Services provides no compensation for any such referrals. Neither McNamara Financial Services, Inc., nor its employees provide legal or tax advice.

A conflict of interest may arise where the recommendations or strategies developed by the Firm, or the selection by client, of a particular investment or service over other competing products or services may result in client paying more than if client purchased the investment or service directly and may result in additional compensation being paid to the Firm. The Firm has instructed all Firm Advisers to disclose any compensation to be paid to the Firm and the Firm Adviser, and inform the client of his/her freedom to purchase investments from other provider(s).

Item 11 Code of Ethics, Participation or Interest in Client

Transactions and Personal Trading

A. Code of Ethics

The Firm has adopted and provided to all Firm Advisers its Code of Ethics ("Code"), as amended from time to time, which provides guidance on certain issues to assist the Firm's employees in conducting themselves consistent with significant ethical principles. The Code challenges all of the Firm's Advisers to live up to the law and to conduct themselves with honesty and integrity and in compliance with all applicable rules, laws and regulations. The Firm's Code further contains provisions preventing employees from misusing clients' holding, transaction and other confidential information.

A copy of the Firm's Code is available to clients and prospective clients at no charge upon request directed to:

McNamara Financial Services, Inc.
1020 Plain Street, Suite 200
Marshfield, MA 02050
Telephone: (781)834.2010 alyssa@mcnamarafinancial.com

B. Buys and Sells Securities for Own Account.

During the normal course of business, the Firm's employees and related persons ("Personnel and Related Persons") may also be clients of the Firm and, therefore, may purchase and sell securities that may also be recommended by the Firm to clients. As indicated above, the Firm has adopted its Code of Ethics related to such purchases/sales by such the Firm Personnel and Personnel's Related Persons. The Firm's Personnel and Personnel's Related Persons may not typically invest in any

securities as a co-investor with any client, and, except with respect to mutual funds and/or fund families, and certain widely held securities, and as set forth with the Code of Ethics and related internal policies of the Firm.

The Firm will use its best efforts to cause its employees, not to: (i) induce or cause a client's account to take action, or to fail to take action for the purpose of achieving a personal benefit or benefit for Related Persons rather than to benefit the accounts of its clients (e.g., causing a client's account to purchase a security owned by the Firm's employee for the sole purpose of supporting or driving up the price of the security, or causing the client's account to refrain from selling a security in an attempt to protect the position of an investment of the Firm's employee or that of a Related Person) and (ii) use knowledge of transactions in a client's account solely to profit to the detriment of the client's account by the market effect of such transactions.

The Firm's employees may also be clients of the Firm. It is generally the policy of the Firm not to favor any one client over another in making advisory recommendations, subject to the suitability of those recommendations to an individual client and the specified investment objectives of a client. Subject to the guidelines referred to above, the Firm and/or its employees may take investment action contemporaneously with or at different times from investment action recommended on behalf of one client and such investment action may be similar to or different from investment action (as to the advice given or the timing or nature of action) on behalf of another client.

C. Personal Trading

The Chief Compliance Officer of the Firm is Alyssa McNamara Reed. The CCO or designee reviews all reportable employee trades each quarter. The CCO's (or designee's) reportable trades are reviewed by Michael McNamara. The personal trading reviews are designed for consistency and compliance with applicable laws, and the Firm's then Code of Ethics.

Item 12 Brokerage Practices

Selecting Brokerage Firms

The Firm generally recommends that clients utilize the brokerage and clearing services of TD Ameritrade for investment management accounts. The Firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services that include custody of securities, trade execution, clearance and settlement of transactions.

In making such recommendations, the Firm may consider the value research reports, performance evaluation software, reporting tools, economic analysis and other types of products and services in selecting broker-dealers and custodians to recommend to clients. Amongst other considerations, the Firm generally considers the following factors in this determination: price, execution, value of products, research and service and reliability. Generally, 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 a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while the Firm will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

Clients may be able to obtain lower custodian fees from other brokers, and the value of products, research and services given to the applicant is not a factor in determining the selection of custodians or the reasonableness of their fees.

TD Ameritrade is an independent and unaffiliated SEC-registered broker- dealer and FINRA member. TD Ameritrade offers to independent investment advisers, like McNamara Financial Services, Inc., services that include custody of securities, trade execution, clearance and settlement of transactions. The Firm receives some benefits from TD Ameritrade through its participation in the institutional adviser program, and therefore may have a conflict of interest (please see Item 14 below).

Some of the products and services made available by TD Ameritrade through the program may benefit the Firm but may not benefit client accounts directly. These products or services may assist the Firm in managing and administering client accounts, including accounts not maintained at TD Ameritrade.

Clients should be aware, however, that the receipt of economic benefits by the Firm or its staff in and of itself creates a potential conflict of interest and may indirectly influence the Firm's recommendation of TD Ameritrade for custody and brokerage services. Nonetheless, the Firm reviews the services of TD Ameritrade and recommends the services based on a number of factors. These factors include the professional services offered, commission rates, and the custodial platform provided to clients.

i. Research and Soft Dollars - "Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. The Firm does not receive "soft dollars" from any vendor, service provider or custodian in exchange for its placement of brokerage services. However, please see Item 14.A for additional details about research received from TD Ameritrade, Inc.

ii. Brokerage for Client Referrals - The Firm does not receive client referrals or any other incentive from TD Ameritrade, Inc.

iii. Directed Brokerage - The Firm may recommend the use of TD Ameritrade as the broker-dealer, as noted above. Clients should note that they are under no obligation to purchase securities or investments through the Firm and/or TD Ameritrade. However, if the client selects Investment Management Services, then the broker-dealer and custodian used generally shall be TD Ameritrade. Clients are encouraged to consider and compare the differences between having assets custodied at another broker-dealer, bank or other custodian prior to opening an account with the Firm. Some of these differences include, but are not limited to; total account costs, trading freedom, transaction fees/commission rates, and security and technology services.

Order Aggregation

The Firm may (but is not obligated to) combine or "batch" orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among its clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Generally, under this procedure, transactions may be averaged as to price and may be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that the Firm determines to aggregate Client orders for the purchase or sale of securities, including securities in which its principal(s) and/or associated person(s) may invest, it shall generally do so in accordance with applicable law. The Firm shall not receive any additional compensation or remuneration as a result of the aggregation. Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

Trade Errors

From time-to-time an error may occur in submitting a trade order on client's behalf. When this occurs, the Firm shall effort through the applicable custodian to correct the error, as necessary so that the client should not be disadvantaged. The affected client, and all other clients, should be put in the same position as they would have been had the error not occurred. In no case shall the Firm use soft dollars to correct a trading error.

For clients whose accounts are custodied at TD Ameritrade, the Firm shall generally maintain a trade error account with TD Ameritrade, whereby all trade errors are processed through this account. The trade error account will net gains and losses. Generally, the Firm will be responsible for paying any losses caused by its trading error. Net gains resulting from trade errors in the account will generally be calculated by TD Ameritrade and distributed to a charity selected by the Firm. The Firm will not utilize these trade error accounts for its own benefit or gain.

Item 13 Review of Accounts

A. Periodic Reviews

For those clients to whom the Firm provides investment management services, the Firm and its Advisers as part of an ongoing process conducts periodic reviews of client accounts. All investment advisory clients are strongly encouraged to contact his/her Investment Adviser Representative to discuss their changing needs, goals, and objectives with the Firm and to keep the Firm informed of material changes in a client's circumstances, financial or otherwise and to review previous services and/or strategies and/or to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. For those clients to whom the Firm provides financial planning and/or consulting services, reviews are conducted upon client request, from time to time.

B. Review Triggers

Examples of other conditions that may trigger a review are changes in client's situation conveyed by client to the Firm, changes in market conditions and a client request for a review. Clients may request a review at any time, and are strongly encouraged to provide the Firm with updates on any changes to their personal circumstances, including changes to their employment, health or family status, financial situations and/or goals and objectives.

C. Regular Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the custodian for the client accounts. For those clients to whom the Firm provides investment advisory services, the Firm makes available a report that may include such relevant account information such as an inventory of account holdings and account performance on a quarterly basis. For those clients to whom the Firm provides financial planning and/or consulting services, the Firm generally makes available reports summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by the Firm. The client is urged to compare the information included in any statements made available from the Firm against those sent by the qualified custodian.

Item 14 Client Referrals and Other Compensation

A. Incoming Referrals

The Firm does not compensate third-parties for client referrals.

B. Referrals Out

The Firm does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

As disclosed above, the Firm participates in TD Ameritrade's institutional customer program and the Firm may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between the Firm's participation in the program and the investment advice it gives to its clients, although the Firm receives economic benefits through its participation in the 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 Firm 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 Firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Firm but may not benefit its client accounts. These products or services may assist the Firm 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 Firm manage and further develop its business enterprise. The benefits received by the Firm or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Firm endeavors at all times to put the interests of its clients first. **Clients should be aware, however, that the receipt of economic benefits by the Firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Firm's choice of TD Ameritrade for custody and brokerage services.**

The Firm 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. Specifically, the Additional Services include Orion, a portfolio accounting company. TD Ameritrade provides the Additional Services to the Firm in its sole discretion and at its own expense, and the Firm does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

The Firm's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to the Firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, the Firm's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with the Firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, the Firm may have an incentive to recommend to its clients that the assets under management by the Firm be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. The Firm'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.

Item 15 Custody

Qualified Custodian

The Firm does not provide custody services or take custody of a client's assets. The Firm recommends that clients establish accounts with TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), a FINRA-registered broker-dealer, member FINRA/SIPC/NFA, to maintain custody of clients' assets and to effect trades for their accounts. Although the Firm may recommend that clients establish accounts at TD Ameritrade, it is the client's decision to custody assets with TD Ameritrade. McNamara Financial Services is independently owned and operated and not affiliated with TD Ameritrade.

Account Statements

All client assets are held with qualified custodian, who provides account statements directly to clients at their address of record at least quarterly.

Position Reports

Clients are urged to compare the account statements received directly from their custodians to any client statements provided by the Firm.

Item 16 Investment Discretion

Discretionary Authority for Trading

Unless otherwise directed or limited within the Investment Services Agreement, clients grant McNamara Financial Services the authority to manage the assets in their accounts on a fully discretionary basis.

The grant of discretionary authority to the Firm includes, but is not limited to the authority:

- to take any and all actions on the Client's behalf that the Firm determines to be customary or appropriate for a discretionary investment adviser to perform, including the authority to buy, sell, select, remove and replace securities and investments, including ETF and/or mutual fund shares and including those advised by the Firm or an affiliate, and other investments, for the account, and to determine the portion of assets in the account to be allocated to each investment or asset class and to change such allocations;
- to effect such transactions in Client's account via any available medium, electronic or otherwise, including but not limited to electronic access via personal computer or touch-tone telephone.
- to select the broker-dealer(s), custodian(s) or others with which transactions for the account will be effected;
- to retain and replace, or not, any person or third-party providing investment advice, securities recommendations, model portfolios or other services to the Firm, including without limitation, third party portfolio strategists, such as Litman Gregory Asset Management, an unaffiliated third-party, as deemed appropriate by the Firm, from time to time; and
- with regard to Investment Management Services, to retain and replace any investment adviser representative providing services on behalf of the Firm, as deemed appropriate by the Firm.

Item 17 Voting Client Securities

As of April 20, 2013, the Firm no longer votes client proxies. Therefore, although the Firm may provide investment management services relative to clients selecting such services, the Firm's clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall 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. The Firm and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Item 18 Financial Information

A. Balance Sheet

The Firm does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

The Firm does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

The Firm has not been the subject of a bankruptcy petition in the last ten years.