

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.

March 31, 2011

Material Changes

Annual Update

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

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

If you were previously a client of McNamara Financial Services, this brochure dated March 31, 2011 is a new document prepared according to new regulations and rules. As such, this document is materially different in structure and requires certain new information that McNamara Financial Services’ previous brochure did not require. In the future, this item will discuss only specific material changes that we make to our brochure and provide you with a summary of such changes. We will also reference the date of our last annual update of our brochure.

This is McNamara Financial Services’ first brochure and therefore we have not made any material changes. We review and update our brochure at least annually to make sure that it remains current.

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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Justin J. McNamara	Error! Bookmark not defined.
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Advisory Business

Firm Description

McNamara Financial Services, Inc. ("McNamara Financial Services" or the "Firm") was founded in 1987.

The Firm is able to provide 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 consistent with clients' investment objectives that take into account the clients' desired risk levels, time frame, and investment constraints.

Investment advice is provided, with the client making the final decision on investment strategy. 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 under a limited power of attorney through investment discretion. Also, the Firm has investment discretion on behalf of clients to hire and fire money managers.

A written description of each client's investment strategy may be provided to the client, often in the form of an investment policy statement. An annual review of portfolio strategy is conducted. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. The Firm may recommend such professionals to the client if requested to do so. The Firm is under no obligation to follow-up on such recommendations. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

Principal Owners

The McNamara Trust owns 80% of the Firm. Alyssa McNamara Reed, Partner, Chief Compliance Officer and Planning and Insurance Specialist, owns 10% of the Firm. Justin McNamara, Partner and Director of Investments, owns 10% of the Firm.

Types of Advisory Services

McNamara Financial Services provides investment supervisory services, also known as investment management services; and furnishes investment advice through consultations. On more than an occasional basis, the Firm furnishes advice to clients on matters not involving securities, such as financial planning matters and taxation issues that relate to investment strategies, although members of the Firm are not tax professionals.

As of December 31, 2010, McNamara Financial Services manages approximately \$236,691,775 in assets for approximately 1,900 clients. All of these assets are managed on a discretionary basis.

Tailored Relationships

McNamara Financial Services has developed six basic Strategic Asset Allocation Investment Strategies for clients that are specified percentages of various categories of stock, bond and cash investments. These Asset Allocation Strategies run from Most Conservative (100% bonds and cash) to Aggressive (100% stocks) in approximately 20% increments: 100% bonds and cash; 20% stocks / 80% bonds and cash; 40% stocks / 60% bonds and cash; 60% stocks / 40% bonds and cash; 80% stocks / 20% bonds and cash and 100% stocks.

McNamara Financial Services also employs Strategic Asset Allocation with a Tactical Asset Allocation component. We use the services of Litman Gregory for these strategies. These strategies have target Strategic Allocation Strategies similar in percentages to the strategies developed by McNamara Financial Services. However they can and will be adjusted over time via the tactical allocations decisions made by Litman Gregory and implemented by McNamara Financial Services.

Clients of McNamara Financial Services are matched to one or more of the above strategies that are determined to be appropriate for their investment goals and objectives. It is likely that investment accounts less than \$25,000 in size will be placed in an "Asset Allocation Mutual Fund" that matches client objectives and risk tolerance. Accounts of this size are better managed within a larger pool of assets.

Types of Agreements

The following agreements define the typical client relationships.

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.

Investment Management Agreement

Most clients choose to have McNamara Financial Services manage their assets in order to obtain ongoing in-depth investment advice. As investment goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Investment Management Agreement is provided to the client in writing prior to the start of the relationship.

The annual Investment Management Agreement fee ranges from 0.25% and 1.50% depending upon the market value of the assets under management

and the type of investment management services to be rendered. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Although the Investment Management Agreement is an ongoing agreement, the length of service to the client is at the client's discretion. The client or the Firm may terminate an Agreement by 30 days' advance written notice to the other party. At termination, fees will be reimbursed on a pro rata basis for the portion of the quarter completed if the Firm is notified in advance of the termination or liquidation. In any partial calendar quarter, the management fee will be pro rated based on the number of days that the Account was open during the quarter.

Financial Planning Agreement

A financial plan is designed to help the client with applicable aspects of financial planning without ongoing investment management after the financial plan is completed.

The 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 tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

Fees are charged on a fixed fee basis and can range from \$500 to \$2,500 for an initial plan and up to \$250 to \$1,000 for an update. The exact fees charged for these services will be specified in a client agreement executed before service begins.

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

Investment Management

Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. 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.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. The Firm does not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), municipal securities, investment company securities (variable annuities, and mutual funds shares), U. S. government securities, and ETFs.

Initial public offerings (IPOs) are not available through McNamara Financial Services.

Termination of Agreement

A client may terminate any of the aforementioned agreements at any time by notifying the Firm in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, the Firm will refund any unearned portion of the advance payment. If termination occurs within five (5) business days of entering into an agreement for services, the client is entitled to a full refund.

The Firm may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, The Firm will refund any unearned portion of the advance payment.

Upon notice of termination, 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 broker-dealer, mutual fund sponsors and others to liquidate and / or transfer all or a portion of the portfolio. The Firm can make no representation regarding puts, holds, or other investment features that may limit a client's ability to liquidate or transfer all or a portion of the portfolio. In these cases, the Firm will consider their agreement terminated as per the language in the agreement and stated here. For information on features that may limit or impair the ability to sell or transfer an asset, the client is advised to review the prospectus or offering document.

Fees and Compensation

Description

McNamara Financial Services bases its fees on a percentage of assets under management and/or hourly charges and/or fixed fees depending upon the clients financial situation. Lower fees for comparable services may be available from other sources.

Some agreements may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

Financial plans are priced according to the degree of complexity associated with the client's situation.

Fees are negotiable and may be waived in the sole discretion of the Firm. The Firm may manage our employees; and/or family accounts for a reduced fee or free of charge.

Fee Billing

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. The fee will be a percentage of the average daily value of all assets in the accounts for the quarter effective immediately preceding the fee being debited. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial plans and plan updates are billed 100% in advance.

Other Fees

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 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.

As part of the agreement between the Firm and TD Ameritrade, the clients will not be charged a separate custody fee or transaction charges for the execution charges of solicited securities transactions provided that the Account is held at the Custodian recommended by the Firm. This is otherwise known as a "wrap fee" program. Client will be responsible for paying all other fees or charges of the Custodian.

A potential conflict of interest exists in the selection of mutual funds and/or exchange traded funds (ETFs) on behalf of the client by the Firm. Because of the relationship the fund or ETF has with TD Ameritrade (custodian for client assets), there may or may not be a transaction charge (\$8.00 to \$10.00) associated with buying or selling the investment in the client's account. Because the Firm pays transaction charges for clients, a case could be made for the Firm being biased towards mutual funds and / or ETFs that have no transaction costs (known in the industry as NTF funds or No Transaction Funds). As a matter of practice the Firm uses primarily NTF funds in small and medium size client accounts in lieu of charging higher management fees for these accounts. Currently there are over 10,000 NTF investments

available to the Firm at TD Ameritrade. It is the opinion of the Firm that there are many fine investment choices in this universe that are suitable for client accounts.

In addition, any mutual fund shares held in your account may be subject to deferred sales charges, 12b-1 fees, short-term redemption fees, and other mutual fund annual expenses. The fees and expenses are fully described in the fund's prospectus. All fees paid to the Firm for our services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers and such fees are therefore indirectly charged to all holders of the mutual fund shares. If you have mutual funds in your portfolio, you are effectively paying both the Firm and the mutual manager for the management of their assets.

The Firm in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (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.).

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.

Expense Ratios

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 you to McNamara Financial Services.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

The Firm reserves the right to stop work on any account that is more than 30 days overdue. In addition, the Firm reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in the Firm's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

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.

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.

Client relationships vary in scope and length of service.

Account Minimums

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

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

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 maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

Additional sources of information include financial newspapers and magazines, research materials prepared by others, and corporate rating services. The Firm does rely on third-party asset allocation sources for securities analysis methods and as sources of information for determining investment strategies. The Firm utilizes the EnCorr® asset allocation modeling software developed by Ibbotson Associates and Morningstar Inc.

Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation. The Firm also employs Strategic Asset Allocation with a Tactical Asset Allocation component. We use the services of Litman Gregory for these strategies. These strategies have target Strategic Allocation Strategies similar in percentages to the strategies developed by McNamara Financial Services.

However they can and will be adjusted over time via the tactical allocations decisions made by Litman Gregory and implemented by McNamara Financial Services.

A mix of actively managed mutual funds, passive mutual funds, indices and ETFs are used in each of the above strategies.

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. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **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.
- **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.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding 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.
- **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.
- **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. They 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.
- **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.

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.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

McNamara Financial Services does not engage in any additional financial industry activities.

Certain of the Firm's Investment Advisory Representatives, in their individual capacities, are also licensed insurance agents 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.

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

Code of Ethics

The employees of McNamara Financial Services have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The Firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

McNamara Financial Services and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Firm's *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of the Firm is Alyssa McNamara Reed. She reviews all reportable employee trades each quarter. Her reportable trades are reviewed by Michael McNamara. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the Firm receive preferential treatment. Reportable transactions do not include purchases or sales of shares of money market funds, open end mutual funds, government securities, and certificates of deposit, and transactions in an account for which the reporting person has no direct influence or control. Since most, if not all employee trades are mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

The Firm does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. The Firm recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

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 is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors 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 program. (Please see the disclosure under **Other Compensation** below.)

Best Execution

McNamara Financial Services reviews the execution of trades at the custodian on a periodic basis sufficient to meet its best execution obligations.

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 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.

Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

Transactions for each client generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Firm’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 generally be averaged as to price and allocated among the Firm’s clients pro rata to the purchase and sale orders placed for each client on any given day. The Firm will not receive any additional compensation as a result of the aggregation of orders.

Review of Accounts

Periodic Reviews

For those clients to whom the Firm provides investment management services, the Firm monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis. For those clients to whom the Firm provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of the Firm’s Investment Adviser Representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. The Firm shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Review Triggers

Examples of other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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. Those clients to whom the Firm provides

investment advisory services will also receive a report from the Firm that may include such relevant account information such as an inventory of account holdings and account performance on a quarterly basis. Those clients to whom the Firm provides financial planning and/or consulting services will receive reports from the Firm summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by the Firm.

Client Referrals and Other Compensation

Incoming Referrals

If a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee. Any such referral fee shall be paid solely from the Firm's investment management fee, and shall not result in any additional charge to the client.

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 has negotiated with TD Ameritrade a period of free trading for accounts rebalanced in the Firm's program that are transferred to TD Ameritrade, which may create an economic benefit for the Firm. The benefit received by the Firm or its personnel does not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duty 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 this economic benefit 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 Data Conversion, Morningstar Workstation, Morningstar Encore, Litman Gregory / Advisor Intelligence, Forefield, NaviPlan, and Redtail. 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.

Custody

Account Statements

Assets are held at TD Ameritrade, a qualified custodian, which means the custodian provide account statements directly to clients at their address of record at least quarterly. The Firm may use other custodians on an infrequent basis such as American Funds for 529 plans and Vanguard for variable annuities.

Performance Reports

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

Investment Discretion

Discretionary Authority for Trading

The Firm accepts discretionary authority to manage securities accounts on behalf of clients, if requested to do so. McNamara Financial Services has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. The Firm does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Voting Client Securities

Proxy Votes

McNamara Financial Services will vote proxies on securities on behalf of clients. The Firm has adopted a general policy to vote proxy proposals, amendments, consents, and resolutions relating to investments held in client accounts in a manner that serves the best interests of the client and the value of their investments. A copy of our Proxy Voting Policies and Procedures is available upon request.

Class Actions

The Firm does not advise or act for Clients in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the Account or the issuers of these securities

Financial Information

Financial Condition

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

Business Continuity Plan

General

The Firm has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Information Security Program

Information Security

The Firm maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

The Firm is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys and accountants with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Wrap Fee Program Brochure

(Appendix 1 to Part 2A of Form ADV)

MCNAMARA FINANCIAL SERVICES, INC.

1020 Plain Street, Suite 200

Marshfield, MA 02050

781-834-2010

Fax 781-834-2056

www.mcnamarafinancial.com

This wrap fee program 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.

March 31, 2011

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Wrap Fee Program Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

If you were previously a client of McNamara Financial Services, this wrap fee program brochure dated March 31, 2011 is a new document prepared according to new regulations and rules. As such, this document is materially different in structure and requires certain new information that McNamara Financial Services’ previous brochure did not require. In the future, this item will discuss only specific material changes that we make to our brochure and provide you with a summary of such changes. We will also reference the date of our last annual update of our brochure.

This is McNamara Financial Services’ first brochure and therefore we have not made any material changes. We review and update our brochure at least annually to make sure that it remains current.

Full Brochure Available

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

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Services, Fees and Compensation

Description of Program

McNamara Financial Services, Inc. ("McNamara Financial Services" or the "Firm") offers its investment advisory services on a wrap fee basis. This means that the cost of the Firm's investment advisory services, the cost of executing brokerage transactions and custodial fees are "wrapped" into a single annual fee based on the value of the Client's portfolio. Investments offered in the wrap environment include equity, balanced and fixed income mandates. The Firm offers its investment advisory services to individuals, trusts, endowments, retirement plans and other legal entities.

The Firm's Wrap Program includes the following services:

- Ongoing consultation with a Financial Advisor
- Identification and analysis of Client's investment objectives and policy
- Ongoing management of Client's portfolio by a Financial Advisor
- Advisory fees of the Firm (except mutual fund fees)
- Custody of securities by TD Ameritrade
- Automatic sweep of cash funds in Client's account into an interest bearing account
- Quarterly performance evaluation
- Quarterly Newsletter
- Periodic review of Client's investment objectives and policy
- Payment of TD Ameritrade transaction charges for most clients.

A Client should consider that a wrap fee may or may not exceed the aggregate cost of services provided if they were provided separately depending upon, among other factors: (1) the amount of the wrap fee; (2) the level of portfolio activity in a Client's account; and (3) the value of custodial and other services provided under the wrap fee program.

Fee Information

Fees are a percent of assets under management and are normally billed quarterly in advance, at rates ranging from 0.25% to 1.50%. The fee is calculated as a percentage of the average daily value of all assets in the accounts for the quarter effective immediately preceding the fee being debited. The annual wrap fee includes the Firm's Investment Advisory Fee. Fees may be negotiated or waived as circumstances warrant. Clients may incur additional expenses as described below.

In addition to the advisory fees charged by the Firm, each mutual fund in which the Client's assets may be invested charges its own advisory fee and other expenses as described in the fund's prospectus.

The wrap fee does not include fund exchange fees, transfer taxes, certain brokerage related fees such as wiring charges and overnight shipping charges, and other fees required by law. A full schedule of additional fees is available upon request.

Portfolio Manager Selection and Evaluation

The Firm offers a wrap fee program only in the sense that a client pays a single fee. All investment recommendations are being made by the principals of the Firm. The Firm is not selecting sub-advisors or other investment managers who will then make investment decisions / recommendations for the clients.

Additional Information

Disciplinary Information

The Firm 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.

Other Financial Industry Activities and Affiliations

The Firm does not engage in any additional financial industry activities.

Certain of the Firm's Investment Advisory Representatives, in their individual capacities, are also licensed insurance agents 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.

Code of Ethics

The employees of McNamara Financial Services have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The Firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

McNamara Financial Services and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities

ahead of client trades. Employees comply with the provisions of the Firm's *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of the Firm is Alyssa McNamara Reed. She reviews all reportable employee trades (directed non-mutual fund trades) each quarter. Her reportable trades are reviewed by Michael McNamara. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the Firm receive preferential treatment. Reportable transactions do not include purchases or sales of shares of money market funds, open end mutual funds, government securities, and certificates of deposit, and transactions in an account for which the reporting person has no direct influence or control. Since most and likely all employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Review of Accounts - Periodic Reviews

For those clients to whom the Firm provides investment management services, the Firm monitors those portfolios as part of an ongoing process. For those clients to whom the Firm provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of the Firm's Investment Adviser Representatives. All investment advisory clients are encouraged to discuss their financial needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. The Firm shall contact ongoing investment advisory clients at least annually in an attempt to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Review of Accounts - Review Triggers

Examples other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Review of Accounts - 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. Those clients to whom the Firm provides investment advisory services will also receive a report from the Firm that may include such relevant account information such as an inventory of account holdings and account performance on a quarterly basis. Those clients to whom the Firm provides financial planning and/or consulting services will receive reports from the Firm summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by the Firm.

Client Referrals - Incoming Referrals

If a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee. Any such referral fee shall be paid solely from the Firm's investment management fee, and shall not result in any additional charge to the client.

Client Referrals - 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 has negotiated with TD Ameritrade a period of free trading for accounts rebalanced in the Firm's program that are transferred to TD Ameritrade, which may create an economic benefit for the Firm. The benefit received by the Firm or its personnel does not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duty 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 this economic benefit 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 Data Conversion, Morningstar Workstation, Morninstar Encore, Litman Gregory / Advisor Intelligence, Forefield, NaviPlan, and Redtail. 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.

Financial Condition

McNamara Financial Services does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

McNamara Financial Services requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA.

Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Massachusetts law (Section 203A) requires advisers to disclose information on disciplinary history and the registration of the adviser and its associated persons. This information may be obtained via the U.S. Securities and Exchange Commission public disclosure website at www.sec.gov/checkoutbrokersandadvisers, by phone at (202) 942-8090 or the Massachusetts Securities Division, One Ashburton Place, 17th Floor, Boston, Massachusetts 02108.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk

management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

MICHAEL J. MCNAMARA, PHD, CFP

Born 1948

Educational Background:

- Boston College – 1980, Doctorate
- Boston College – 1978, Masters
- Tufts University – 1970, BS

Business Experience:

- McNamara Financial Services, Senior Partner, and Advisor, 1/1987 to Present
- Commonwealth Financial Network, Investment Advisory Representative, 1/1985 to 9/2010

Additional Compensation: None

Supervision:

Mr. McNamara is supervised by Ms. Reed, the Chief Compliance Officer. She reviews Mr. McNamara's work through frequent office interactions as well as remote interactions. She also reviews Mr. McNamara's activities through our client relationship management system.

Ms. Reed's contact information:

781-834-2010

Alyssa@mcnamarafinancial.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

ALYSSA MCNAMARA REED

Born 1980

Educational Background:

- Villanova – 2003, BS

Business Experience:

- McNamara Financial Services, Partner, Chief Compliance Officer and Advisor, 1/2004 to Present
- Commonwealth Financial Network, Investment Advisory Representative, 5/2005 to 9/2010

Additional Compensation: None

Supervision:

Ms. Reed is supervised by Mr. Michael McNamara, the Senior Partner. He reviews Ms. Reed's work through frequent office interactions as well as remote interactions. He also reviews Ms. Reed's activities through our client relationship management system.

Mr. McNamara's contact information:

781-834-2010

Mike@mcnamarafinancial.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

JUSTIN J. MCNAMARA, CFP

Born 1979

Educational Background:

- Providence College – 2002, BS

Business Experience:

- McNamara Financial Services, Partner, Director of Investments and Advisor, 5/2002 to Present
- Commonwealth Financial Network, Investment Advisory Representative, 3/2003 to 9/2010

Additional Compensation: None

Supervision:

Mr. McNamara is supervised by Michael McNamara, the Senior Partner. He reviews Mr. McNamara's work through frequent office interactions as well as remote interactions. He also reviews Mr. McNamara's activities through our client relationship management system.

Michael McNamara's contact information:

781-834-2010

mike@mcnamarafinancial.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None