



ROCKWOOD WEALTH MANAGEMENT

Important Considerations Regarding Wealth Managers

Important Considerations:

With certainty, we can say that in this temporary economic cycle you will find your peers, family, and friends heavy with concern regarding the current state of their investments and their financial security. Difficult times like these bring about the prudent inclination to evaluate the nature of relationships with trusted advisors.

Unfortunately, only a small proportion of these advisors are Registered Investment Advisors adhering to a fiduciary standard. Most financial advisors have opted to affiliate with “Broker-Dealers” and are held to a lower standard of care. They make recommendations outside the context of a comprehensive financial plan and only need to follow the “suitability” standard. This standard does not require this type of advisor to place the interest of its clients ahead of its own and often places the welfare of the broker-dealer ahead of the client.



The result is that investors struggle to access unbiased information upon which they can base investment decisions. In our view, the financial services industry at large has not represented itself with a great deal of integrity in matters relating to conflicts of interest and fees paid by investors to many brokerage firms. We feel this behavior has led to the existence of a great deal of mistrust brought about by a lack of transparency and disclosure.

We choose to work with our clients in a consultative manner, alongside an expert advisory network made up of their personal accountants, attorneys, lenders, insurers, and others to ensure a comprehensive and well-vetted approach to their best interests. We can

easily look beyond the boundaries of our own firm for solutions, and often do to best fulfill our clients' goals.

We firmly believe that maintaining a Fee-Only practice is the most ethically responsible means to accomplishing our clients' goals and strengthening client relationships. For this reason, our financial advisors offer no proprietary products, accept no commissions, and recommend only low-cost, tax-efficient financial instruments. A Fee-Only planner is one who, in all circumstances, is compensated solely by the client. We do not receive rebates, awards, finder's fees, kick-backs, bonuses, or any form of compensation from others that would tarnish the pure objectivity of our counseling. Fee-Only is more than a description of compensation; it dictates that our interests are naturally aligned with our clients' best interests.

We think it's critically important for investors to understand the significant difference between Independent **Fee-Only** Wealth Managers, like Rockwood Wealth Management, and **Fee-Based** advisors who are affiliated with a Broker-Dealer. It's likely that you know someone in a Fee-based relationship with a firm like Merrill Lynch, Wells Fargo, Morgan Stanley, Raymond James, Ameriprise, and UBS to name a few. While some advisors of these firms may claim independence, we find that the relationships are fraught with conflicts of interest. Specifically, the advisor may receive compensation and bonuses based upon how much of a certain type of product they place into client accounts. The same broker that maintains a fee-based account for a client can also sell that same client high-cost annuities with commissions that can range higher than 10%. Is that really in your best interests?

Important Considerations Regarding Accountants and Wealth Managers

We thought you might find the following helpful in recognizing the distinctions between advisory relationships:

	Fee-Only Advisor	Fee-Based Broker
Financial Advisor's Role	Certified Financial Planner™ has a fiduciary responsibility to give advice in clients' best interests	Advisor may or may not have credentials; gives advice based on guidelines established by their broker-dealer
	↓	↓
Financial Advisor's Function	Provides objective financial planning advice in the client's best interest	May sell products: (annuities, mutual funds, wrap accounts, insurance, etc.)
	↓	↓
Investment Management Solutions	Low-cost, tax-efficient investment solutions - lower costs and expenses increase your returns	Due to broker dealer relationship investments typically have higher costs and expenses which reduce returns
	↓	↓
Advisor's Compensation	Can only be compensated directly from the client; no bonuses, quotas, or sales goals	Compensated from their broker dealer; may receive bonuses based on total amount of product placed or client cross-sell success

What Is NOT Investment Advice:

- Media noise and Wall Street prognostications
- "Selling" of an investment product
- Excessive turnover
- High concentrations in a stock or sector
- Lack of disclosure and transparency
- Unnecessarily complex investment vehicles
- Paying high fees for active management
- The hot stock tip, hot sector, or hot mutual fund
- Anyone professing the ability to time the market

What IS Investment Advice:

- Strategic asset allocation based upon individual goals, objectives, and needs
- Structured, written investment plans
- Designing portfolios for tax efficiency
- Diversifying by using uncorrelated asset classes
- Systematic rebalancing of the portfolio to adhere to a model allocation
- Structured investment strategies, not intuition or hunches

The Nature of Advice:

What we find, nearly without exception, is that the type of investment advice rendered is a result of the nature of the advisory relationship. In fact, with a trained eye, one can briefly glance at the holdings in a portfolio and instantly know how the advisor is compensated. Advisors that are compensated for product placements, types of accounts opened, or frequency of transactions, give advice that supports those self-interests. The result is amateurish “investment advice” that does not help the client achieve his or her goals.

Like You, We Are Professionals:

Regrettably, there exists no defining standard in the financial services industry analogous to what we see in the professions of accounting, law and medicine. You expect your attorney to have a law degree and your doctor to graduate from an accredited medical school. No such requirement exists in the sales culture of the financial services industry and many “advisors” lack advanced degrees and professional certification.

Our advisors have graduate degrees in business and have earned the CERTIFIED FINANCIAL PLANNER™ designation. As a firm, we are dedicated members of the National Association of Personal Financial Advisors (NAPFA), an organization in which Fee-Only financial planners are required to further enhance their professional skills.

A commitment to a client-centric practice and unwavering integrity in all of our endeavors ensures that our clients' best interests are always

our best interests. We specialize in working with high-net worth clients, helping them to streamline their financial affairs while offering high-level expertise for asset management, tax and financial planning, risk management, and estate planning.

Rockwood offers a disciplined and process driven approach to helping our clients accomplish what is most important to them. We provide a meaningful, consistent relationship with an advisor who knows our clients, their values, their family, and what is truly important in their lives.

Which Types Of Clients Are A Good Fit For Rockwood Wealth Management:

Rockwood works with clients, institutions, and trusts with investable assets typically between \$1 million and \$10 million. We do not elect to work with every client that seeks to work with us, as we place tremendous importance in a mutual good fit for the development of a successful client-advisor relationship. Our best clients are savvy investors who are proactive about their financial futures and seek out expert advice. Our clients are cognizant that low-cost, risk-controlled, tax-efficient portfolios continue to be the key to the realization of their financial goals.

About the Advisors at Rockwood

Brian D. Booth

Brian D. Booth is the Managing Member of Rockwood Wealth Management. He has twenty years of experience in personal wealth management where he focused exclusively in the areas of asset management, financial and estate planning, private banking, trust and fiduciary matters.

Brian has a Masters of International Business from the Edinburgh Business School, UK and received his Bachelor of Arts from Rutgers University. He has been a CERTIFIED FINANCIAL PLANNER™ (CFP®) practitioner since 1994 and became Certified Trust & Financial Advisor (CTFA) in 1996. He is member of National Association of Personal Financial Advisors (NAPFA), the Philadelphia Estate Planning Council, the Bucks County Estate Planning Council and the Institute of Certified Financial Planners. He is also President Emeritus of the Princeton Committee on Foreign Relations and a member of the Union League of Philadelphia.

John R. Augenblick

John R. Augenblick is committed to the development and growth of Fee-Only comprehensive financial planning as an active member of the National Association of Personal Financial Advisors. With expertise well respected in the community, he writes a finance column for the Bucks County Herald independent newspaper and serves on the board of directors of Team Capital Bank. John works with his local community by volunteering his time as a member of the Finance Committee for the New-Hope Solebury School District.

John graduated from the United States Naval Academy with distinction, earning a degree in Systems Engineering. While teaching engineering at the United States Naval Academy, John earned his MBA at Johns Hopkins University where he focused his studies on portfolio development, investment analysis, and corporate management. John is a CERTIFIED FINANCIAL PLANNER™ practitioner and has earned a Certificate in Financial Planning from Florida State University.

Thaddeus (Ted) N. Toal, Jr.

Ted is a senior partner of Rockwood Wealth Management and runs the Annapolis, MD office. Dissatisfied with the level of client care in the broker-dealer/commission model, Ted became a fierce client advocate and adopted a Fee-Only business model as he launched an independent firm, Toal & Associates. Today he is an active member of the National Association of Personal Financial Advisors and the Institute of Certified Financial Planners.

Ted, a CERTIFIED FINANCIAL PLANNER™ practitioner, graduated from Towson University with a Bachelor of Science degree and received his Certificate in Financial Planning from Florida State University's Center for Professional Development.