CHARTING THE COURSE

Special Series of Briefs About Beacon's Client Services

BEACON'S APPROACH TO CLIENT SERVICE...*TEAMWORK!* ASSIGNING THE TEAM MEMBERS

BEACON'S MISSION STATEMENT

Beacon Financial Advisors, Ltd. was established ***to provide our clients long-term value-added financial counsel and investment performance with exceptional service***. Beacon purposes to work alongside our clients in ***articulating***, ***establishing*** and ***achieving*** their financial life goals. Our financial planning and investment management precepts are based on a straightforward idea...win by not losing. Financial planning and investment management decisions are interrelated, and the most suitable decisions are reached in a thoughtful, orderly manner. We believe with ***responsible decisions***, ***reasonable expectations*** and ***vigilant***, ***attentive counsel*** each client can achieve their financial life goals. It is to this end and purpose, on behalf of our clients, that Beacon endeavors to strive.

Beacon is often asked by prospective clients to describe the "role" we play in client's financial lives. We've found it helpful to describe our role as that of a ***key*** member of a team that works together for the client. A typical follow-up question is *"Who are the team members?"* Great question!

The chart on page 2 visually shows the team members and their respective roles and functions on TEAM CLIENT. These important team members are:

- THE CLIENT
- THE ADVISOR
- THE CUSTODIAN
- THE INVESTMENT PARTNERS
- THE OTHERS

(SEE CHART PAGE 2)

THE CLIENT

Simply put, the CLIENT is the top-dog on TEAM CLIENT—the head-honcho, the cats-meow, the big boss, so to speak. In corporate terms, the CLIENT is the owner (sole shareholder), Chairman and Chief Executive Officer. The CLIENT owns the assets, has the power to hire and fire all team members. But, like any good corporate executive, the CLIENT recognizes his or her limitations and is prepared to *delegate* well-specified functions to other team members with skill-sets to match the delegated tasks. The key hire is the ADVISOR—the role **Beacon** is equipped and prepared to play.

THE ADVISOR (Beacon)

The ADVISOR functions as the Chief Operating and Financial Officer responsible for carrying out the mission and objectives of CLIENT through TEAM CLIENT. The ADVISOR writes the overall Investment Policy Statement and the long-term financial plan for the CLIENT. The ADVISOR typically has the most frequent contact with the CLIENT, and is in a unique position to carry out CLIENT directives and decisions. The ADVISOR is paid a fee directly by the CLIENT, helping align the mutual interests. The ADVISOR is a *coordinator* as well as a *catalyst* for the CLIENT to assist and direct other team members. Importantly, the other team members have functional roles on TEAM CLIENT that each is best suited to fulfill.

THE CUSTODIAN (Schwab)

The CUSTODIAN is like the Treasurer on TEAM CLIENT. **Beacon's** preferred custodian for clients' asset custody and trade execution is Schwab Institutional, a registered broker/dealer adhering to a rigorous set of industry regulations and operating standards, all designed to ensure CLIENT protection. Charles Schwab & Co., Inc. is one of the largest financial services firms in the US, and its Schwab Institutional unit works with more independent ADVISORS than any other firm. Schwab Institutional is paid indirectly by the CLIENT from transactions fees for securities purchases and sales (ex-no transaction fee terms in many cases).

INVESTMENT PARTNERS

Beacon, the ADVISOR, performs the overall asset allocation function and *subcontracts* the duties of industry and security analysis, issue selection, and currency management to our handpicked INVESTMENT PARTNERS. These PARTNERS range from global powerhouses to specialty boutiques—all handpicked by **Beacon** to play a key role in TEAM CLIENT. The PARTNERS are paid in the context of operating expenses that are netted from returns, thus an indirect payment from the CLIENT. We believe the combined breadth and fee-competitiveness from **Beacon**, Schwab Institutional and our PARTNERS is unmatched by any single service provider.

OTHERS

Finally, TEAM CLIENT would not be complete without an accountant to prepare tax returns and render tax expertise, an attorney to counsel and draft legal documents like wills and trusts, and a good insurance consultant to provide risk management solutions.

For a comprehensive review of the various costs of Beacon's client service approach, please refer to our client service brief **WHAT DOES IT COST TO WORK WITH BEACON?**. For a complimentary copy, call, write, or e-mail us.

BEACON'S APPROACH TO CLIENT SERVICE…*TEAMWORK!* ASSIGNING THE TEAM MEMBERS

THE CLIENT

- Joe Q. & Joan G. Investor
- Owner, Chairman and Chief Executive Officer
- Highest authority on team
- Entity to whom all team members are ultimately responsible and accountable (directly or indirectly)
- Power to hire, fire all team members
- Delegates certain well-specified functions to other team members

THE ADVISOR

- Beacon Financial Advisors, Ltd.
- Hired by CLIENT
- Chief Financial and Operating Officer
- Registered Investment Advisor (follows regulatory rules by SEC, states)
- Writes Investment Policy Statement and sets asset allocation for CLIENT
- Recommends CUSTODIAN and selects INVESTMENT PARTNERS
- Prepares CLIENT financial plan and monitors ongoing implementation
- Overall COORDINATOR and CATALYST for CLIENT by and between all other team members to accomplish all agreed-upon action steps
- Reports investment results to CLIENT
- Paid <u>directly</u> by CLIENT via fees

THE CUSTODIAN

- Schwab Institutional
- Hired by CLIENT via recommendation by ADVISOR
- Chief Treasury & Compliance Officer
- Guardian/safe keeper of CLIENT assets
- Takes investment direction from ADVISOR (Beacon) as "Investment Manager" for CLIENT
- Recognizes ownership by CLIENT
- Monthly statement to CLIENT
- Paid <u>indirectly</u> by client via transaction fees for security purchases and sales

INVESTMENT PARTNERS

- Mutual Fund Managers, often institutional service providers
- Hired by ADVISOR to perform industry and security analysis, issue selection, and currency management within a particular asset class for CLIENT'S portfolio
- Outsourced Consultant
- Reports investment results to ADVISOR and CLIENT
- Recognizes ownership by CLIENT
- Contracts with CUSTODIAN for shelf-space
- Paid <u>indirectly</u> by CLIENT via operating expenses deducted from returns

OTHERS

- CPA, attorney, insurance, etc.
- services for CLIENT'S financial plan (tax compliance, legal, insurance, etc.)
- Receive coordination from ADVISOR
- Consultant
- Paid <u>directly</u> by CLIENT