



SCARBROUGH  
FINANCIAL GROUP, LLC  
*A Registered Investment Advisor*

## Our Consultative Approach

We start our relationships by defining the scope of our client's planning and investment management needs. In most cases, we start with a streamlined cash flow analysis which quantifies objectives for specific goals. We typically use a four meeting format. These meetings include: introduction, discovery, plan design, and implementation. It is best to schedule these meetings within 1-2 weeks of each other so that all parties benefit from the continuity of information.

- **Our Introductory Meeting** explores how we should best work together and defines which services are needed. We discuss the scope, character, and cost of these services, and whether the relationship will be a one time arrangement, or ongoing.

- **The Discovery Meeting** takes place after an engagement letter has been signed by both parties. Our objectives, responsibilities, and timeline are clear. In this meeting we discuss your goals in greater detail. Only by understanding your values, financial needs, tolerance for risk and expectations can we develop an appropriate plan and select suitable investments. After our meeting, we will work from this information, and write a preliminary plan for you to review at our next meeting.

- **During the Plan Design** meeting, we review your preliminary plan. It will be personalized for you - designed to help you meet your specific goals and objectives. We will have considered different strategies to help you achieve your goals, and will review these with you detail. This is an important meeting because we review our assumptions and receive additional input from you as the plan takes shape. There may be important decisions and/or changes that we need to make to the plan in its preliminary form. We will take the information from this meeting to draft the parameters of your final plan. Once this plan is finalized, it will serve as a blueprint for your financial decisions.

- **In our Implementation Meeting** we look at the steps we'll need to take to get you on track to meet your goals. We will present investment recommendations, strategies to address risk management and estate planning. If necessary, we will set up additional meetings to include other professionals who address specific needs in the areas of law, accounting, retirement planning and insurance.

## How We Develop Your Plan

We use information from our meetings to identify and assess your goals and objectives relative to your current positions. We coordinate multiple strategies and track the big picture to make sure you stay on track. We use the following tools:

- Financial planning calculations and Monte Carlo simulations to determine the potential adequacy of your capital to meet stated objectives.
- Web based risk assessment tool to help us understand how you feel about different kinds of risk.
- We prepare your personal Investment Policy Statement, (IPS), to help you document your timeline for investing, investment criteria, and target returns.

## How We Use Asset Allocation

- We use modern portfolio theory to design efficient portfolios that should provide the highest level of return for a specified level of risk.
- We use Monte Carlo simulation and other software modeling tools to manage risk in a client's portfolio.
- We offer both strategic and tactical asset allocation.

## Portfolio Decision Making Include Your Input

- In our practice, the Advisor makes the asset allocation and manager decisions with the client's participation and authorization.

## How We Select Investments

- We use institutional and retail no load funds, Exchange Traded Funds, (ETFs) and laddered bond portfolios to design our clients' portfolios.
- We do not favor one type of investment vehicle over another. We use the investment approach which is most appropriate for each client.
- We evaluate each client's current balance sheet and cash flow to best determine which investments are most appropriate.
- We consider a number of factors when recommending specific investment vehicles. These include: amount available to invest; preference for passive vs. active management; the relative quality and performance of investment managers; the education and comfort level of individual clients with potential investments.

## Rebalancing and Monitoring

- We typically rebalance quarterly, based on stated objectives in the client's IPS.
- We employ both strategic and tactical rebalancing methods.
- As a firm, we meet formally each quarter to review recent market events and how they affected client portfolios and assess necessary changes.

## Quarterly Reporting

- Our quarterly reports allow clients to evaluate how their portfolio has performed relative to major market indices as well as custom-designed indices that match individual portfolio asset allocation.
- Real-time information is available, such as performance reporting and taxable gain/loss data through our website and the websites of our management firms.

## Professional Qualifications

Jane Scarbrough is a Certified Financial Planner,<sup>™</sup> and an Investment Advisory Representative, and holds the following NASD registrations: S4, Registered Options Principal; S7, Registered Representative; S24, Registered Securities Principal; S53, Registered Municipal Securities Principal; S65, Registered Investment Advisor.