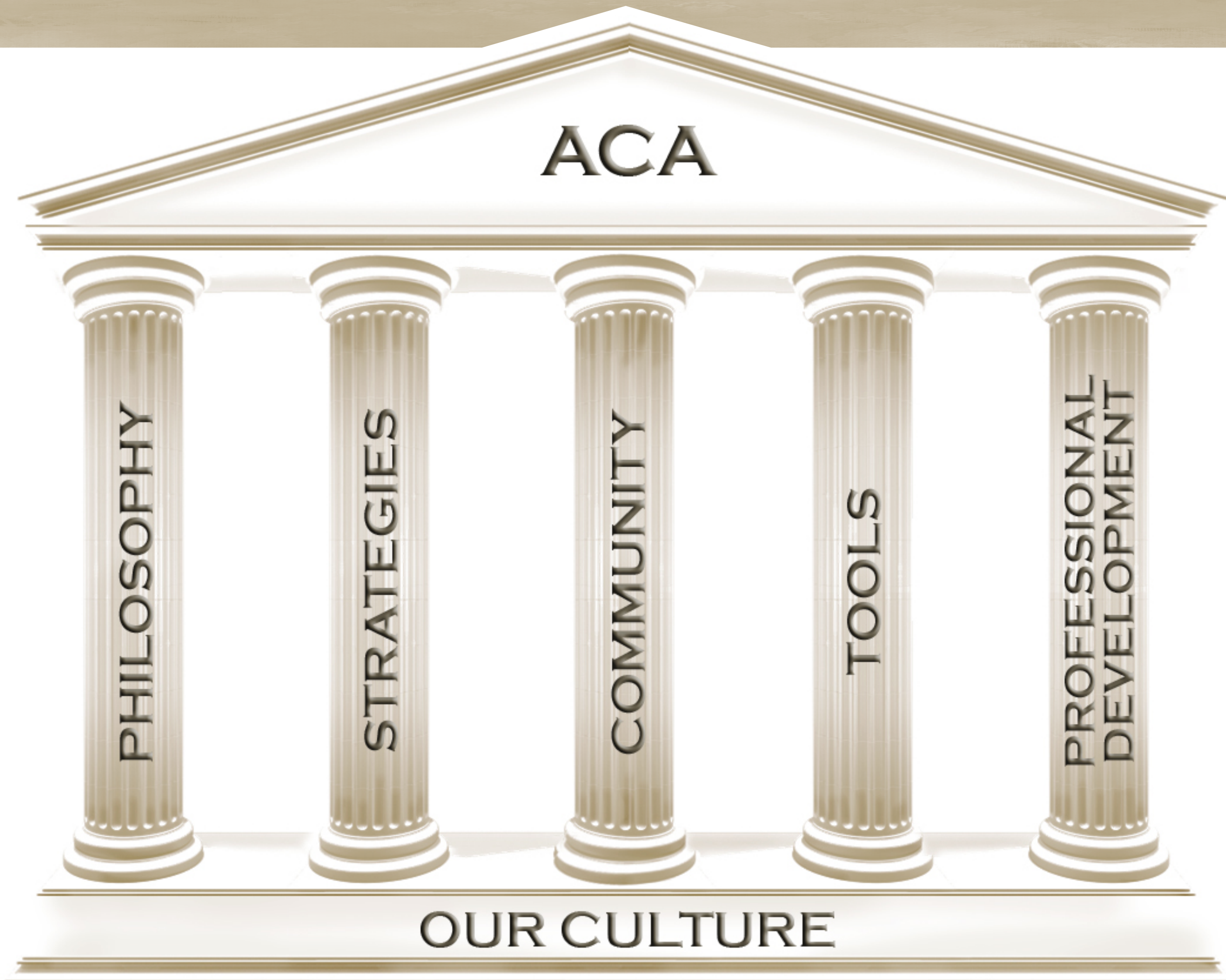
The ACA System™ Charter



ACA
alliance of cambridge advisors

The ACA Foundation

These beliefs, customs, practices, attitudes, and social behavior characterize ACA (our culture) and define our core values and philosophies.

- **Caring:** Showing concern for others and compassionate. Generally interested in people and concerned with their success.
- **Comprehensive/Holistic:** Dealing with all aspects of our clients' financial lives.
- **Creative:** Seeking out and developing new solutions to client and practice management issues.
- **Fiduciaries:** Putting our clients' interests ahead of our own—avoiding conflicts of interest, being transparent in our business practices, and aspiring to the highest code of conduct.
- **Integrity:** Being compatible in our words and actions.
- **Participative:** Doing our share to further the goals of ACA because we are ACA.
- **Passionate:** Caring deeply about what we do and how we do it.
- **Professional:** Ascribing to the high standards of character and qualifications required of a trusted advisor.
- **Supportive:** Actively working to help each ACA member feel welcomed, valued, respected, and encouraged.
- **Sharing:** Contributing ideas, resources, and experiences freely and willingly.

Last updated: 12/29/2010

The Philosophy Pillar

ACA members are passionate about:

Fee-only, fiduciary client relationships. We believe the client's interests always come before the advisor's interests. Advisors should charge fees in a manner that minimizes conflicts of interest.

Holistic financial planning. We believe that clients reach their goals when all aspects of their financial life are combined into one client-specific road map that responds dynamically to changing client circumstances. The road map must be based on the client's goals, honor the client's values, and recognize the client's emotional relationship to money.

Relationships. We believe that financial planning is a process not an event, financial transformation takes place over time, and the advisor should be accessible when circumstances change. Each client-advisor relationship is unique, and the advisor should use his or her in-depth understanding of the client's life vision when making recommendations.

Competency. We believe the best advisors seek continually to improve their knowledge and skills in both the “hard” and “soft” aspects of holistic financial planning and affiliate with others who do the same. We emphasize and encourage continuing education and the pursuit of professional designations that demonstrate excellence.

Participation. Our organization is defined by our members, driven by our members, and exists for the benefit of our members. ACA members have diverse backgrounds, beliefs, and practice styles, and we all work together toward common goals in an atmosphere of mutual respect. We are committed to sharing our competencies with one another and helping each other to excel.

The Strategies Pillar

Key to the success of ACA members and their clients are ACA's unique and evolving financial planning and practice management strategies.

ACA **financial planning strategies** empower members to help their clients achieve their goals by addressing real-life needs and include the following:

Functional Asset Allocation.
Interest-earning, real estate, and equity investments fulfill unique functions in growing and protecting a client's net worth. Understanding those functions and their relationship to the Financial Life Cycle helps ACA members optimize the use of assets for tax efficiency, growth, and security to ensure that the client's goals are achieved.

The Financial Life Cycle.
The road to financial independence is rarely a straight one, but everyone goes through certain stages. Transitioning from one stage to the next, life events that interrupt progress, and the failure to address fundamentals all create stress in clients' lives and represent opportunities for ACA members to create lasting value.

An **Endogenous** focus and an appreciation of **Money Personalities**.
The factors that have the greatest impact on clients' finances are ones over which they have some control, such as being savvy consumers or how much they earn, save, and pay in taxes. Their money personality also contributes to the financial decisions they make. Educating clients in these areas helps them unlock their true financial potential. At the same time, these endogenous factors can define the amount of investment risk that is appropriate for each client.

Tax integration.
Helping clients control the tax consequences of their financial decisions not only speeds their progress toward financial independence, but it frequently provides savings in excess of the annual retainer fee.

The Strategies Pillar, continued

ACA's **practice management strategies** empower members to maximize practice profitability.

These strategies include:

Value-based retainer fees.
Basing fees on income, marketable assets, and complexity not only minimizes conflicts of interest, it allows ACA members to be compensated commensurate with the value they create for their clients. A cost-benefit analysis demonstrates that value to new clients, and renewal clients generate a sustainable revenue stream.

Flexible client engagements.
The hallmark of the ACA System™ is the open-retainer approach, which combines regular ongoing reviews of key financial areas with access to the advisor whenever needed. For most clients, this option offers maximum peace of mind. Project retainers, including onetime reviews, are available for clients who need a different level of service.

Planning as a process.
No dust-covered “comprehensive financial plans” clutter the shelves in the homes of ACA clients. Instead, regularly scheduled appointments generate personalized recommendations that reflect changes in clients' goals, circumstances, and their progression through the Financial Life Cycle. The advisor-client relationship is strengthened through this ongoing interaction and through actively involving clients in all decisions.

The Community Pillar

The ACA community ***is*** ACA.

It's where members come together to interact with one another and work toward their individual and common goals. As “moral owners” of the organization, members have both rights and responsibilities. When those are exercised in equal measure, the ACA community is able to achieve its potential.

Paramount is the right and responsibility to participate in the sharing of knowledge and expertise. The continued growth of the ACA brain trust rests squarely on the shoulders of ACA members, and the opportunities to share are as varied as their backgrounds:

- Answering Discussion Forum questions
- Mentoring a new member
- Presenting at an ACA conference
- Conducting a teleconference or webinar
- Hosting a visiting advisor
- Becoming a member “expert”
- Writing for the *Financial Focus* newsletter, ACA website, or *7 Secrets* article series
- Serving on a Task Force, Advisory Group or Committee
- Working on the ACA Success Program training materials
- Hosting a Virtual Classroom
- Teaching at Group Instruction
- Being accessible by phone and/or email to individual members
- Posting forms, spreadsheets, letters, seminars, and other materials to the shared document library

The foundation of the ACA community is the shared values and philosophy, but each member is free to build his or her ideal practice based on that foundation. The community supports rather than constrains its members and thereby becomes a dynamic forum for the open exchange of ideas and an incubator of cutting-edge holistic planning concepts, methodologies, and tools.

The Tools Pillar

A wide variety of tools form the Tools pillar of the ACA System™. ACA members use these tools to implement the ACA System™ and to manage and grow their ideal holistic planning practices. These tools include ACA Core Tools, member-shared tools, and various other resources. The ACA Intellectual Property Agreement defines the rights to use these various tools.

Core Tools are designed to implement the philosophy and strategies of the ACA System™. They are copyrighted by ACA, maintained and supported by ACA, and taught in ACA training programs. They include:

- ACA Toolkit (includes Bond Ladder Calculator, Retirement Analyzer, Client Fee Calculator, Mortgage Analyzer, Life Insurance Needs Calculator, Life Insurance Policy Analyzer, Savings Calculator, Loan Calculator, and W-2 Calculator)
- ACA Pyramid
- Recommendation templates for each appointment in the ACA System™
- Model Client Agreements and sample Form ADV

Member-shared tools (also referred to as Advisor Sharedocs) are tools that ACA members have developed in their own practices and have made available to the ACA community. They reflect the expertise and diversity of the ACA membership.

Many other tools and resources are available to ACA members. Some of these are developed and maintained by ACA; others have been selected from outside vendors. These include:

- Suggested Funds List
- *Financial Focus* newsletter
- SPARC binder
- Whitepapers, samples and models to create, protect and realize business value
- Interactive web-based Goals & Values Exercise
- Turnkey integrated templates for business cards, stationery, promo materials, and web brochure
- Web brochure program including drip email and web stats
- Successful Marketing workbook
- Sample client letters, press releases, yellow pages ads
- On-demand recordings of conference sessions, calls and webinars
- *Successful Client Appointments* (DVD series)
- Practice Profitability Survey
- Various questionnaires and client handouts corresponding to ACA System™ appointments

The Ongoing Professional Development Pillar

Just as ACA members emphasize educating their clients, ACA devotes most of its resources to training its members and developing a true learning community.

Formal training includes the ACA Success Program, which each new member must complete in the first year of membership, and the appropriate continuation program in the second year. This formal training grounds new members in the philosophy, strategies, and tools of the ACA System™ and helps them identify and overcome the hurdles they face in establishing a self-sustaining, profitable practice.

The annual ACA Conference offers continuing education on a variety of topics, provided by both members and select guest experts. Teleconferences and webinars are held throughout the year on technology, marketing, and financial planning issues.

But it is the community at work, via discussion forums, study groups, networking, and more, where learning comes alive. This member-to-member interaction in the pursuit of the most effective holistic planning concepts and strategies is the heart of ACA's ongoing professional development. Members forge a common bond around the values of ACA and then bring the diversity of their backgrounds, expertise, and style of practice to the table where all can partake.