

**The Systematic Financial Solution®**



**RESOURCE CONSULTING GROUP**


Integrated Wealth Management Since 1988

**THE RESOURCE ADVANTAGE**



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Thank you for taking the time to consider working with Resource Consulting Group (RCG). As a fee-only financial planning and investment advisory firm, we sell no products. We serve you solely in a fiduciary capacity, which means that we always put your interests first. No hidden fees. No fine print. Just straight talk and a streamlined, uncomplicated plan to help you achieve your financial goals and maintain financial independence.

Enclosed, you'll find informational materials about RCG, including:

- Company fact sheet
- A summary of our investment strategy and philosophy
- 10 Things All Successful Investors Should Know
- Why getting a financial second opinion is important
- Client Bill of Rights
- 7 Investment Fundamentals
- What the experts say about passive investing versus active management
- Explanation of fees

If you're interested in pursuing your financial goals from an educational approach rather than a sales approach, it would be a privilege to serve you. Please contact Gregg Biro at 407-422-0252 to schedule an initial meeting to discuss your individual needs.

Sincerely,

*Michael H. Davis*



# “Fostering Our Clients’ Financial Peace of Mind”

## What we do

Resource Consulting Group is a fee-only financial planning and investment advisory firm based in Orlando, Florida. We look at the big picture concerning your finances with the goal of achieving or enhancing your peace of mind. The first and most important thing we do is listen.

We assist you in determining your tolerance for various types of risk. We work with you in creating a realistic plan to achieve your goals. Only then do we design, implement and monitor an investment plan to accomplish your goals.

We do not sell any products. We do not receive any form of compensation from anyone other than our clients.

## Who we are

Our firm was established in 1988. We are registered with the U.S. Securities and Exchange Commission as a Registered Investment Advisor. We manage over \$1.2 billion for our clients.

We have twenty employees, including seven Certified Financial Planners®, one Chartered Financial Analyst®, three current or former Certified Public Accountants and one attorney.

## Who are our clients

Our clients typically consist of the top 1% of Americans in terms of their assets or income, so they have already achieved financial success. But what we have found is that success has increased the stress in their lives, not decreased it, and they are bombarded with complexity.

The common objective among our clients is their desire for peace of mind concerning their finances. They don't need or want “Get Rich Quick” schemes. They are looking for a long-term relationship with a firm that can provide objective, unbiased advice.



# 10 Things All Successful Investors Should Know

## 1 You should know if your investment advisor is a FIDUCIARY.

A registered investment adviser has a Fiduciary duty to act in the best interests of the client. In the words of the U.S. Supreme Court “... to continuously occupy an impartial and disinterested position, as free as humanly possible from the subtle influence of prejudice, conscious or unconscious; ...” To be sure, get it in writing.

## 2 You should know the total COST for managing your money expressed as an annual percent of your investments.

Costs include fees, commissions, internal mutual fund expenses and transaction costs. Two identical \$1 million portfolios earning 10% over twenty years – one with total costs of 2% and the second with total costs of 1% – would have ending balances of \$4,660,957 and \$5,604,410, respectively. A difference of \$943,453!

## 3 You should know what the ANNUAL RETURN on your portfolio for the current year and cumulatively since inception of management.

Sure, you get monthly statements that include interesting pie charts and graphs and tell you the current balance. But the ANNUAL RETURN strips away money deposited and money withdrawn and tells you what you really earned on your investments. You can compare that to meaningful benchmarks and inflation to determine if you are meeting your goals.

## 4 You should know how DIVERSIFIED your portfolio really is.

Do you own a lot of stocks or mutual funds? That’s only part of diversification. If most of those stocks and mutual funds are classified as US Large Growth and/or US Large Value then you are missing another big part of diversification. Your equity portfolio should include a meaningful allocation to other asset classes such as US Small Company, US Small Value, International Value, International Small, Emerging Markets and Real Estate.

## 5 You should know how much RISK your portfolio has.

One simple way to reduce risk is to include fixed income in your portfolio. But, RISK often comes in the form of aggressive equities, concentration to limited asset classes or sectors, market timing and frequent trading. Ask your investment advisor to educate you so you can knowledgeably select the risk level most suitable for you.



# 10 Things All Successful Investors Should Know

## 6 You should know if your portfolio includes **MARKET TIMING** strategies.

Indications of market timing are high turnover and large amounts of cash sitting idle during periods of uncertainty or anticipated downturns. Market timing requires that you are right twice – on the way in and on the way out of the market.

## 7 You should know how much risk is in the **SAFE** part of your portfolio.

If you have an allocation to fixed income investments, you may think your principal is safe. But, surprisingly, it is subject to risk and volatility if you own low-quality bonds, long-term bonds or mutual funds that hold such bonds. These investments appear attractive during certain market cycles, but academic studies demonstrate that the risk/reward relationship declines for an instrument having a duration beyond five years.

## 8 You should know all the costs and exactly how an **ANNUITY** compares to other investment alternatives before you invest in one.

There are countless examples of inappropriate use of annuities. They are among the highest commission product in the investment world. They convert qualified dividends and long-term capital gains (both taxed at the lowest rate) to ordinary income (almost always taxed at a higher rate.) So before you buy one, especially in an IRA, triple check the reasons for doing so.

## 9 You should know the expected **TAX IMPACT** from your investments.

Mutual funds with high turnover typically distribute a lot of taxable income. Paying taxes can easily drain 1% to 3% a year from your rate of return. Some investments are tax insensitive and could be owned in your IRA or retirement accounts to minimize taxes.

## 10 You should **REBALANCE** your portfolio annually, at least.

Set targets for each asset class. If the actual value deviates from the target by more than 10%, consider rebalancing. Keep in mind the tax impact of rebalancing. Also consider whether rebalancing could be accomplished through additions or withdrawals. Remember and practice the first rule of investing: Buy low, sell high. Disciplined rebalancing forces you to do this!



# What Experts Say About Passive Investing Versus Active Management

"All the time and effort people devote to picking the right fund, the hot hand, the great manager, have in most cases, led to no advantage. Most investors would be better off in an index fund."

**PETER LYNCH**

Legendary Manager of Fidelity Magellan

"Most investors, both institutional and individual, will find that the best way to own common stocks is through an index fund that charges minimal fees. Those following this path are sure to beat the net results (after fees and expenses) delivered by the great majority of investment professionals."

**WARREN BUFFET**

Chairman, Berkshire Hathaway

"I believe the search for top-performing stock funds is an intellectually discredited exercise that will come to be viewed as one of the great financial follies of the late 20th century. Ignore market timers, Wall Street strategists, technical analysts, and bozo journalists who make market predictions ... Admit to your therapist that you can't beat the market."

**JONATHAN CLEMENTS**

Columnist, Wall Street Journal

"By day we write about 'Six Funds to Buy NOW!' ... By night, we invest in sensible index funds. Unfortunately, pro-index fund stories don't sell magazines."

**ANONYMOUS**

Fortune Magazine Writer

"Fiduciaries and other investors are confronted with potent evidence that the application of expertise, investigation, and diligence in efforts to 'beat the market' ordinarily promises little or no payoff, or even a negative payoff, after taking account of research and transaction costs."

**THE AMERICAN LAW INSTITUTE**

Third Restatement of the Law, Trust, Prudent Investor Rule

"I have a lot of friends who work in the securities business, and all of them just buy the stock market. I don't know any of them who are stock pickers."

**BENJAMIN STEIN**

TV host of Win Ben Stein's Money, SmartMoney

"The statistical evidence proving stock index funds outperform between 80% and 90% of actively managed equity funds is so overwhelming that it takes enormously expensive advertising campaigns to obscure the truth from investors."

**THE MOTLEY FOOL**

Internet Advisor

"I'd compare stock pickers to astrologers, but I don't want to badmouth astrologers."

**EUGENE F. FAMA**

Nation's Top Published Financial Economist,  
University of Chicago

"The most efficient way to diversify a stock portfolio is with a low fee index fund. Statistically, a broad based stock index fund will outperform most actively managed equity portfolios. Hardly ten of one thousand (money managers who pick stocks and time markets) perform in a way that convinces a jury of experts that a long term edge over indexing is likely."

**PAUL A. SAMUELSON**

Economist, Nobel Laureate

"When it comes down to how we are performing, we are trailing in the market's wake. People ought to recognize that the average fund can never outperform the market in total."

**JOHN FOSSEL**

Former Chairman, The Oppenheimer Funds

"After nearly fifty years in this business, I do not know of anybody who has done it (market timing) successfully, and consistently. I don't even know anybody who knows anybody who has done it successfully and consistently."

**JOHN C. BOGLE, SR.**

Former Chairman & Founder, The Vanguard Group

"Properly measured, the average actively managed dollar must under perform the average passively managed dollar, net of costs. Empirical analyses that appear to refute this principle are guilty of improper measurement."

**WILLIAM F. SHARPE**

Professor of Finance, Nobel Laureate



## Second Opinion

### Why is a financial second opinion important?

Second opinions are often prudent in medicine because a misdiagnosis with our health can have significant consequences. The same should be true of our financial well being. Second opinions will help you determine if your portfolio is properly designed to achieve your goals. It may also afford you the opportunity to make necessary changes before it's too late.

### Am I getting the proper financial advice?

If you've thought about the suitability of any of the following investments in your portfolio we can provide objective advice regarding the proper use in your specific situation:

- Annuities?
- Commodities – Gold, Oil, etc.?
- Market Linked CDs?
- Alternative Investments – Hedge Funds, Long/Short Funds, etc.?
- Individual Bonds or Bond Mutual Funds?
- Asset Allocation Advice – Too Aggressive or Too Conservative?
- Insurance as an Investment?

### What you can expect from a resource consulting group second opinion?

We provide independent and objective advice. We are completely fee-only and we do not sell any products. Through a thorough no-cost analysis, our team of Certified Financial Planners and investment professionals will work together to provide and prescribe effective action steps to improve your profitability of success.

For more information or to schedule a private consultation, please contact our office at **407-422-0252** or **800-448-0252** or visit our website at **[www.resourceconsulting.com](http://www.resourceconsulting.com)**





# Client Bill of Rights

## As a Resource Consulting Group client, you have the right to:

- Totally independent and completely objective financial advice
- A fee-only compensation structure that eliminates conflicts of interest
- An educational approach to the financial process ... not a sales approach
- An academic-based, time-tested investment strategy
- Access to the experience and expertise of our entire senior professional team
- Full disclosure of the total costs relating to your financial engagement
- Regularly scheduled review meetings and performance reporting
- A promise that we will always place you at the center of everything we do

We pledge to fulfill these rights and to serve you in a fiduciary capacity. We think you will find that few advisors can meet these commitments.

A **"fiduciary"** is defined as one often in a position of authority who obligates himself or herself to act on behalf of another and assumes a duty to act in good faith and care, candor, and loyalty in fulfilling its obligations.

RCG is certified by the **Centre for Fiduciary Excellence (CEFEX)**, an independent global assessment and certification organization, to conform to all Fiduciary Practices and criteria.



## 7 Investment Fundamentals<sup>SM</sup>

The most relevant investment objective is to maximize the probability that your future financial objectives will be met. Improving the odds a little every year creates a high probability of success in the long run. **The Seven Investment Fundamentals<sup>SM</sup>** will help you avoid the dangers of market timing, stock picking, high costs, and ad hoc investment decisions. It will help you take advantage of opportunities provided by efficient capital markets. It will provide a systematic, time-proven way to reach your financial goals.

**1 Have an appropriate allocation to equities**

Your allocation to equities (stocks) is the single strongest determinant of returns over long periods of time.

**2 Stay fully invested**

Market timing adds uncertainty, reduces efficiency and increases taxes and costs, all of which threaten your financial objectives.

**3 Keep costs down**

Lower costs improve long-term results geometrically. We believe the total annual portfolio costs should be no more than 1%.

**4 Use only short-term bonds**

Short-term bonds offer less risk than mid-term or long-term bonds. The risk exposure from long-term bonds is disproportionate to the small increase in return.

**5 Include small cap stocks**

On average, small cap stocks produce higher returns than large cap stocks over time.

**6 Include value stocks**

On average, value stocks produce higher returns than growth stocks over time.

**7 Have broad diversification**

No single investment strategy works all the time. Increase returns and reduce risk through broad diversification applied consistently over long periods of time.



# Fees

## Fees

We are compensated solely by fees paid by our clients. We receive no other compensation from any other source. We charge separate fees for financial planning and investment advisory services.

## Investment Advisory

The investment advisory fee is based on the fee schedule on the right, subject to a minimum annual investment advisory fee of \$9,000. The minimum is waived, however, for the first six months of a financial planning engagement.

## Financial Planning

The initial financial planning fee is based on the complexity of your situation and will be determined in advance of the engagement. Annual financial plan update fees are typically 40% of the initial financial planning fee.

## Our annual investment advisory fee schedule for assets under management is as follows:

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Portion of assets up to \$1,000,000 .90%

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Portion of assets between \$1,000,000 and \$10,000,000 .50%

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Portion of assets in excess of \$10,000,000 .25%

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## As an example: For \$3,000,000 under management, the calculation would be:

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First \$1,000,000 x .009 \$9,000

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Next \$2,000,000 x .005 \$10,000

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Annual Investment Advisory Fee \$19,000

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