

BARON
FINANCIAL GROUP

High Stability Wealth Management™

Offices in
Fair Lawn, New Jersey
Sarasota, Florida

1-866-FEE-ONLY (333-6659)
info@baron-financial.com

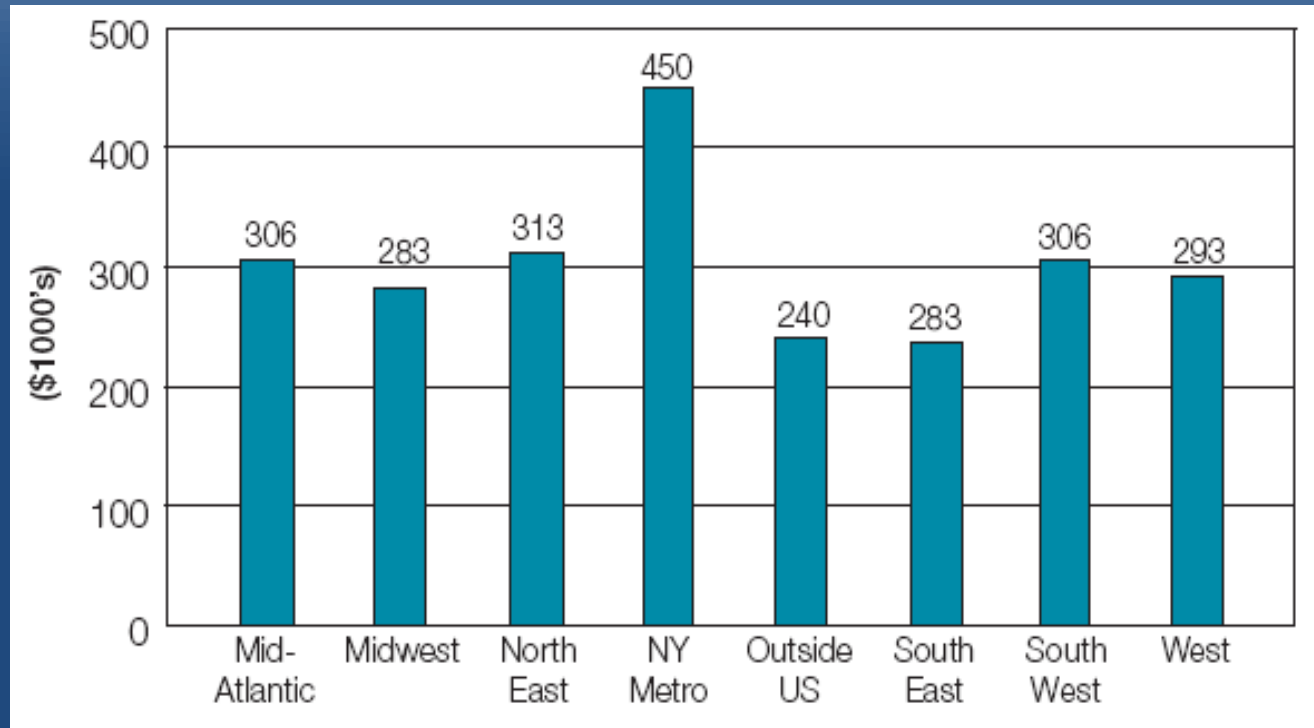


Compensation in Financial Planning



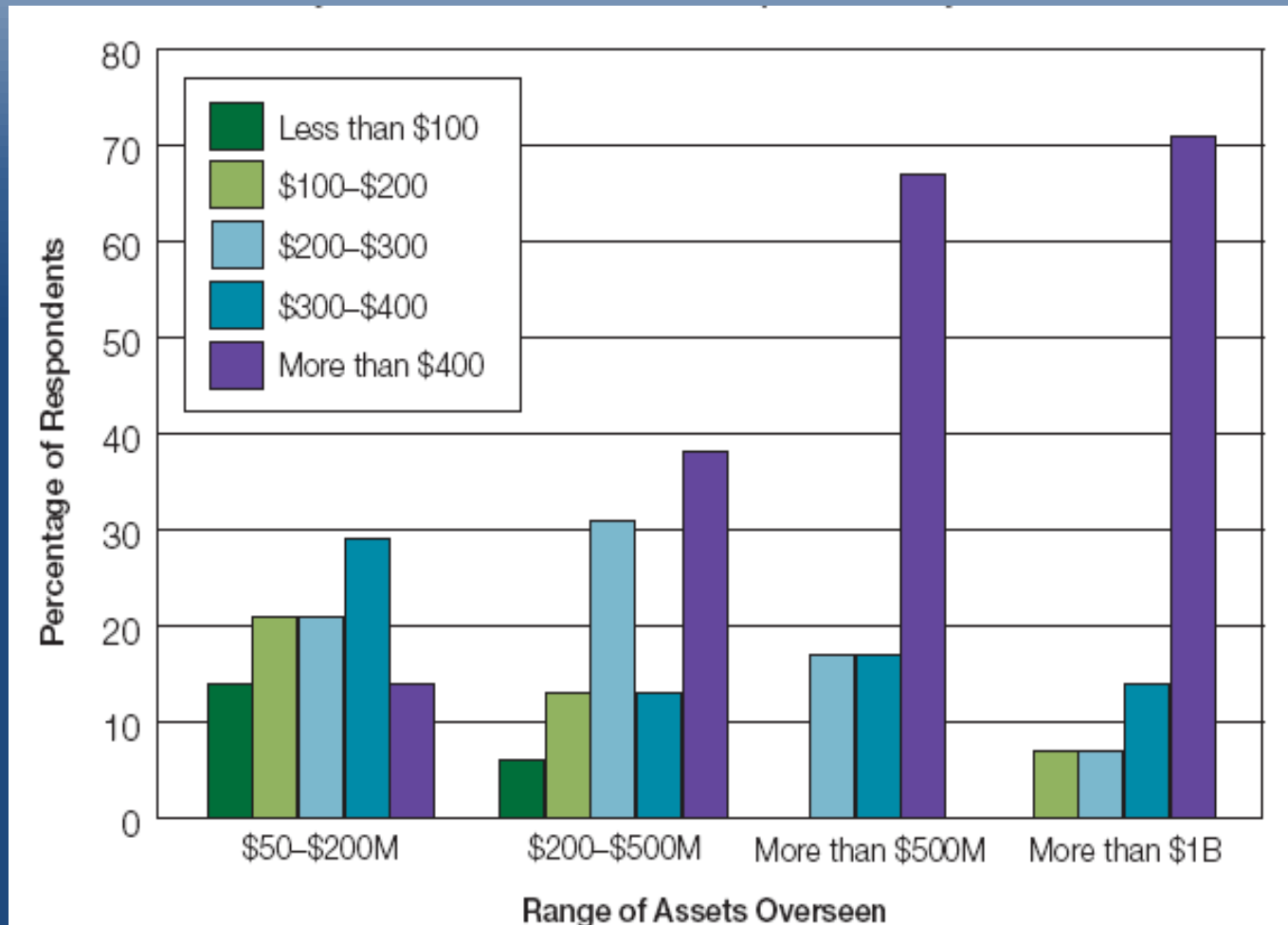


Compensation By Region





Compensation By Size of Assets





Fee-Only Compensation

This model minimizes conflicts of interest. It is the required form of compensation for all members of NAPFA. A Fee-Only financial advisor charges clients directly for his or her advice and/or ongoing management.

No other financial reward is provided, directly or indirectly, by any other institution. Fee-Only financial advisors are selling only one thing: their knowledge.



Commissions

An advisor who is compensated solely through commissions faces immense conflicts of interest. This type of advisor is not paid unless a client buys (or sells) a financial product. A commission-based advisor earns money on each transaction—and thus has a great incentive to encourage transactions that might not be in the interest of the client. Indeed, many commission-based advisors are well-trained and well-intentioned. But the inherent potential conflict is great.



Fee-Based Compensation

This popular form of compensation is often confused with Fee-Only, but it is very different. Fee-Based advisors earn some of their compensation from fees paid by their client. But they may also receive compensation in the form of commissions or discounts from financial products they are licensed to sell. Furthermore, they are not required to inform their clients in detail how their compensation is accrued. The Fee-Based model creates many potential conflicts of interest, because the advisor's income is affected by the financial products that the client selects.

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Mission...

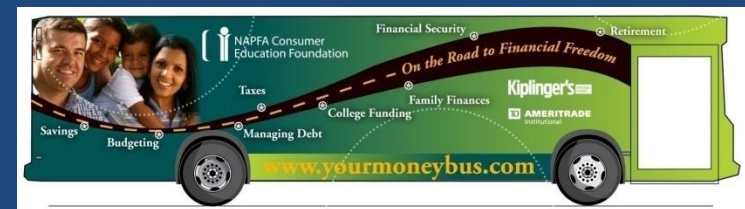
To improve the standards of the financial Services Industry by requiring NAPFA members to be;

1. **Competent** - Education & Credentials
2. **Transparent** – by being Fee-Only remain unbiased, objective
3. **Trustworthy** – by taking the Fiduciary Oath – Must put client's needs ahead of your own.



Mission...

To promote objective financial education to enable consumers to make informed decisions.



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fī•du•ci•ar•y – A Financial Advisor held to a Fiduciary Standard occupies a position of special trust and confidence when working with a client. As a fiduciary, the Financial Advisor is required to act with undivided loyalty to the client. This includes disclosure of how the Financial Advisor is to be compensated and any corresponding conflicts of interest.



WHO IS A FIDUCIARY?

Type of Professional

Who is a Fiduciary?

Physician	Yes, follows the Hippocratic Oath
Lawyer	Yes
Stock Broker	No
Insurance Agent	No
Registered Representative	No
CFP Practitioner	Maybe*
Financial Planner	Maybe*
NAFPA-Registered Financial Advisor	Yes



Commissions

- **Front-end loads**, also called "A shares," are paid just once, as a percentage of your purchase price. They can be an attractive choice for long-term investors.
- **Back-end loads**, also called "B shares," are paid when you sell your shares rather than when you buy them. The amount of this charge declines over time, typically disappearing altogether after 6 or 7 years.
- **Level loads** are also called "C shares." Most have no front-end charge when shares are purchased, but a small back-end charge is applied if shares are sold within 12 months of purchase. Because of their higher ongoing fund expenses, C shares are more attractive for short-term investors.
- Many funds charge 12b-1 fees to cover promotion and distribution (including marketing expenses) of the fund. This fee is typically less than 1% and is explained fully in a fund's prospectus.

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“Your account is a brokerage account and not an advisory account. Our interests may not always be the same as yours. Please ask us questions to make sure you understand your rights and our obligations to you, including the extent of our obligations to disclose conflicts of interest and to act in your best interest. We are paid both by you and, sometimes, by people who compensate us based on what you buy. Therefore, our profits, and our salespersons’ compensation, may vary by product and over time.”

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Everybody Needs To Be Compensated





Primary Fee-Only Compensation Types

- Hourly-fee: You pay your advisor an hourly cash fee for services rendered. Hourly fees for a competent advisor can vary substantially, usually ranging from \$150 to \$300, although advisory fees above or below this range can be found.
- Fixed-fee: You pay your advisor a fixed or negotiated cash fee for an advisory work product. Fixed fees for a truly comprehensive financial and investment plan might range from about \$1,000 to well over \$5,000.





Primary Fee-Only Compensation Types

Asset fee based compensation

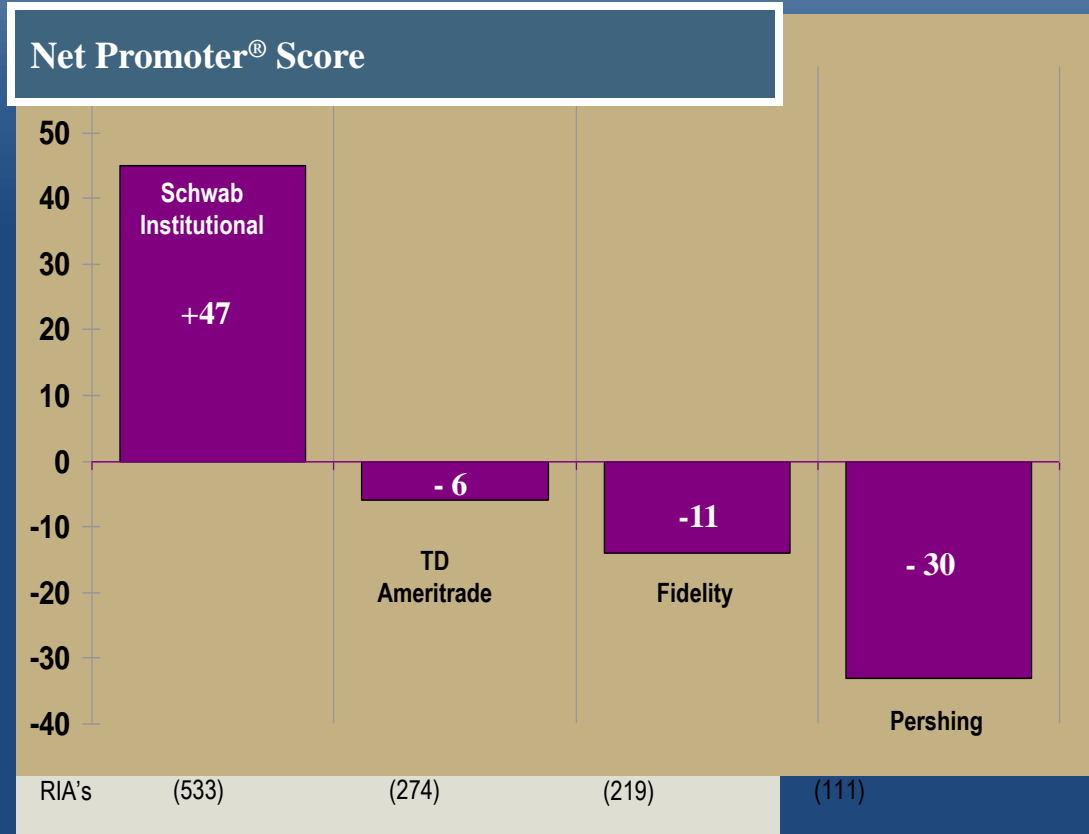
The advisor provides a set of services and takes a annual fee, which is a percentage of assets under the advisor's management.

- Custody of the assets
- Periodically charges a management fee against the assets
- Fee is based upon an annual percentage agreed to by contract.
- Annual percentages vary greatly by advisor and by the services rendered and is estimated that fee-only asset management charges typically range from 1% to 3% of managed assets annually.



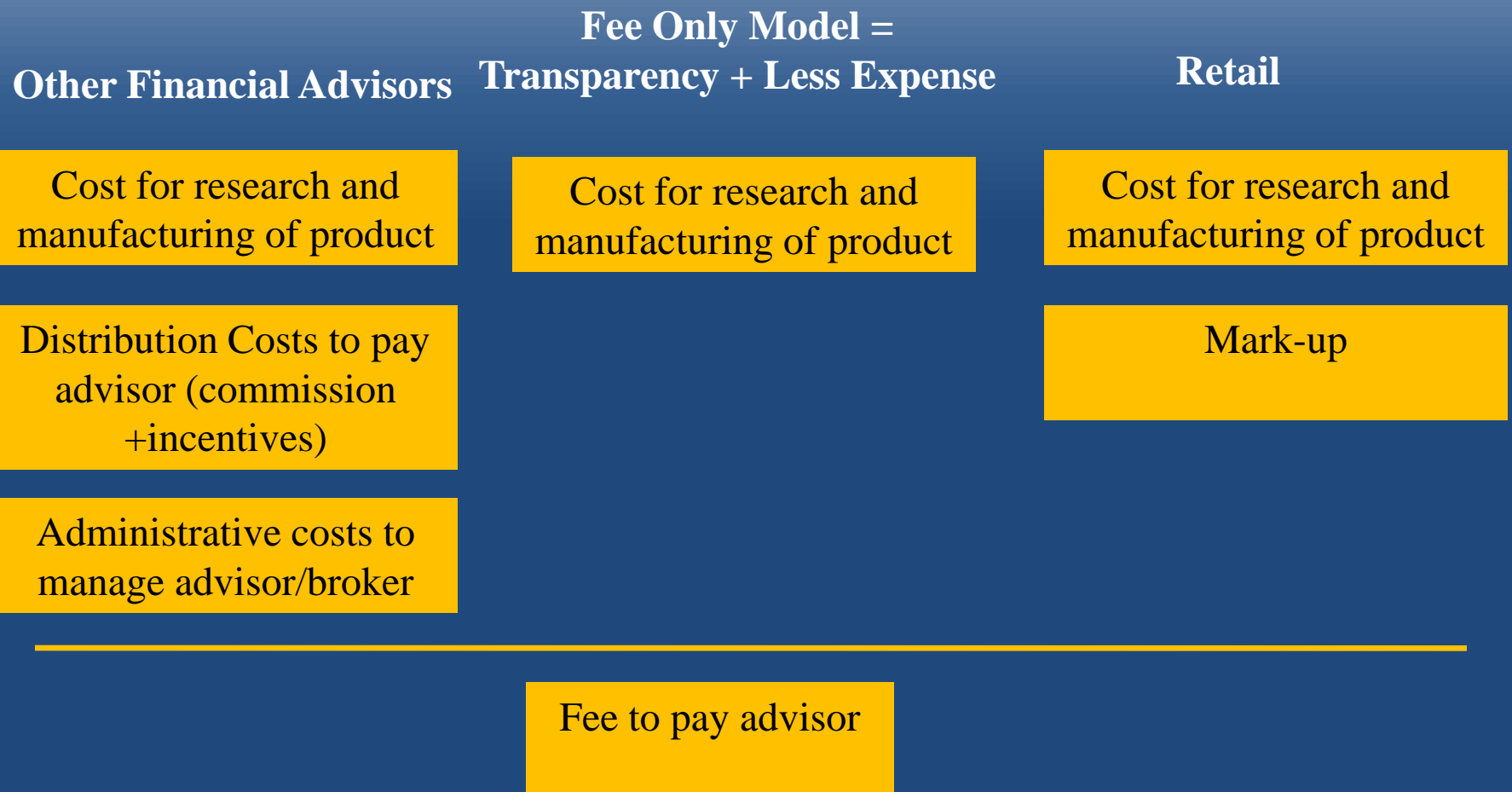
If You Custody Assets

- RIAs were asked how likely they would be to recommend each custodian they use to other investment advisors on a scale from 0 to 10, where 0 is “not at all likely” and 10 is “extremely likely”.
- The survey was conducted by Abt SRBI of NYC in June 2008 among 1,000 RIAs managing more than \$10MM as reported on ADV filings.*





Fee Only Model is Unbundled

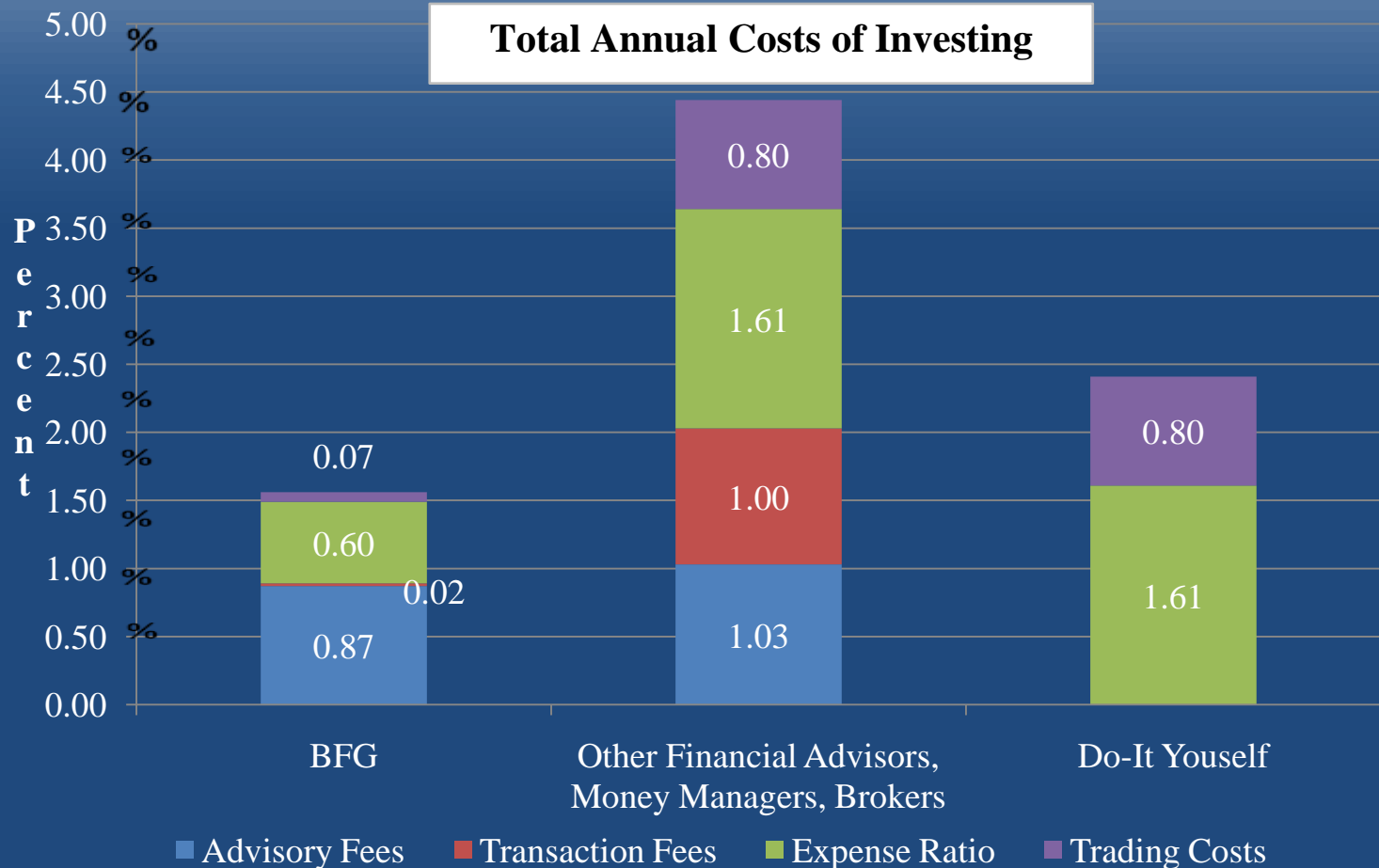




Transparency = Less Expense

Fees Associated with Investing

BFG (Fee-Only) vs. Average Advisor vs. Do-it-Yourself



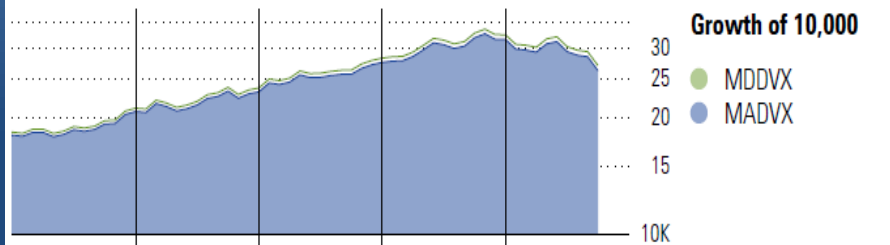


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BlackRock Equity Dividend A

MDDVX (USD)

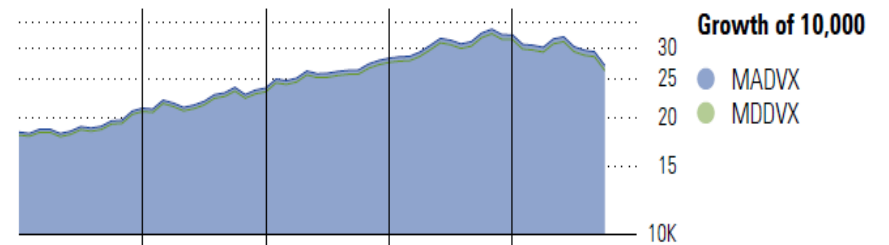


2004	2005	2006	2007	YTD	Performance
					Equity Style
					Quartile rank (in cat)
14.92	12.31	18.98	14.47	-16.73	Total Return%
4.04	7.40	3.18	8.98	2.56	+/- S&P 500 TR

Annualized Trailing Returns	1-Yr	3-Yr	5-Yr	10-Yr
	-17.58	4.13	10.57	7.02

BlackRock Equity Dividend I

MADVX (USD)



2004	2005	2006	2007	YTD	Performance
					Equity Style
					Quartile rank (in cat)
15.21	12.65	19.25	14.78	-16.57	Total Return%
4.32	7.73	3.46	9.29	2.72	+/- S&P 500 TR

Annualized Trailing Returns	1-Yr	3-Yr	5-Yr	10-Yr
	-17.37	4.39	10.85	7.29



Transparency = Less Expense = Greater Return

Performance Analysis

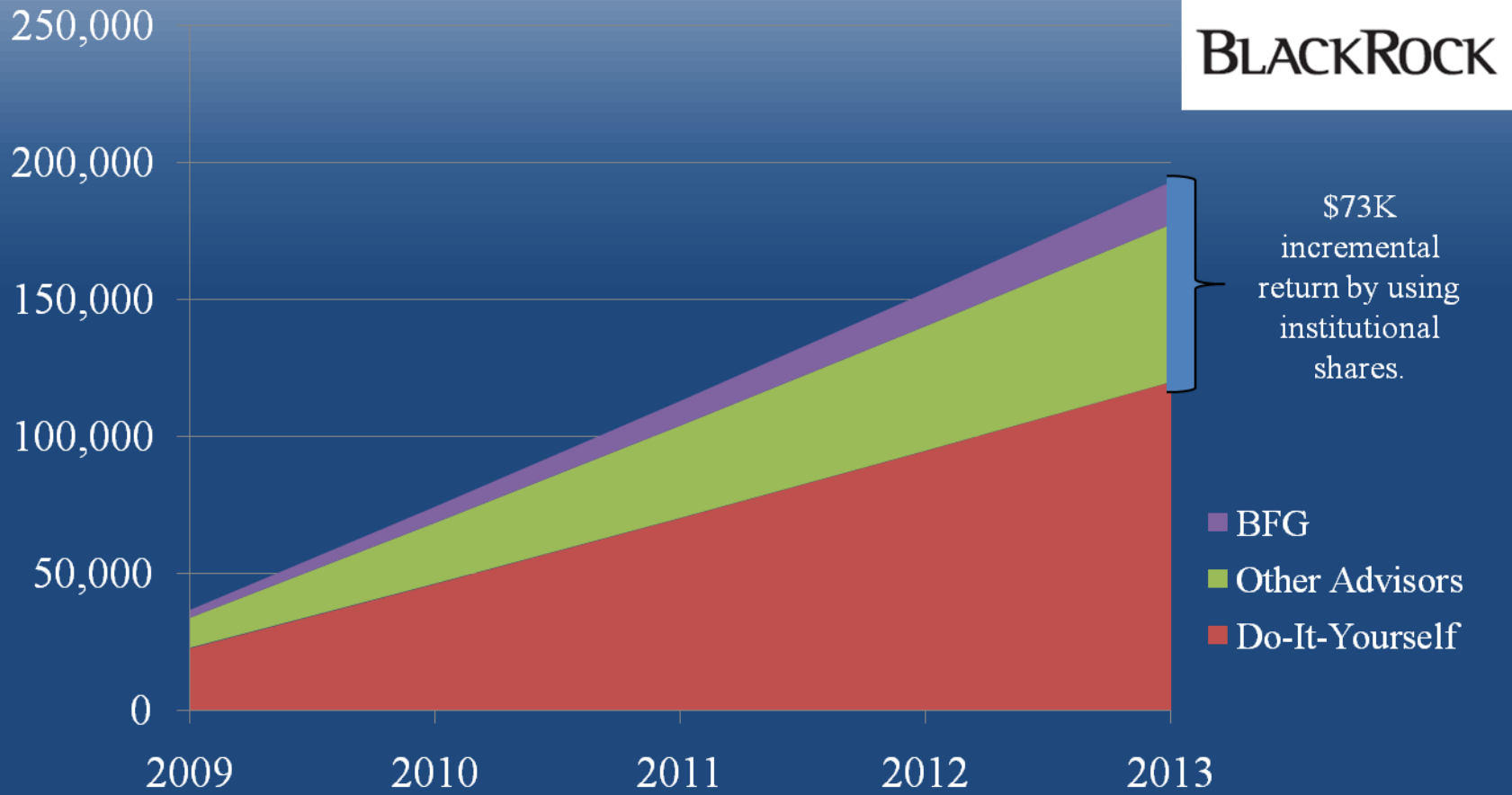
% Average Annual Total Returns (12/31/08)¹

BLACKROCK

Without Sales Charge	1 Year	3 Years	5 Years	10 Years	Since Inception ²
Investor A	-32.79	-2.90	3.39	3.74	8.65
Investor B	-33.31	-3.66	2.59	3.10	8.52
Investor C	-33.28	-3.63	2.60	2.95	7.81
Institutional	-32.57	-2.64	3.68	4.01	8.92
Class R	-32.96	-3.19	3.15	3.56	8.41
With Sales Charge					
Investor A	-36.32	-4.63	2.29	3.18	8.35
Investor B	-36.27	-4.73	2.23	3.10	8.52
Investor C	-33.94	-3.63	2.60	2.95	7.81
Lipper Avg. ³	-33.77	-6.69	-0.73	1.08	—
S&P 500 [®] Index ⁴	-37.00	-8.36	-2.19	-1.38	—
Russell 1000 Value [®] Index ⁵	-36.85	-8.32	-0.79	1.36	—



Transparency = Less Expense = Greater Return



\$1,000,000 Investment

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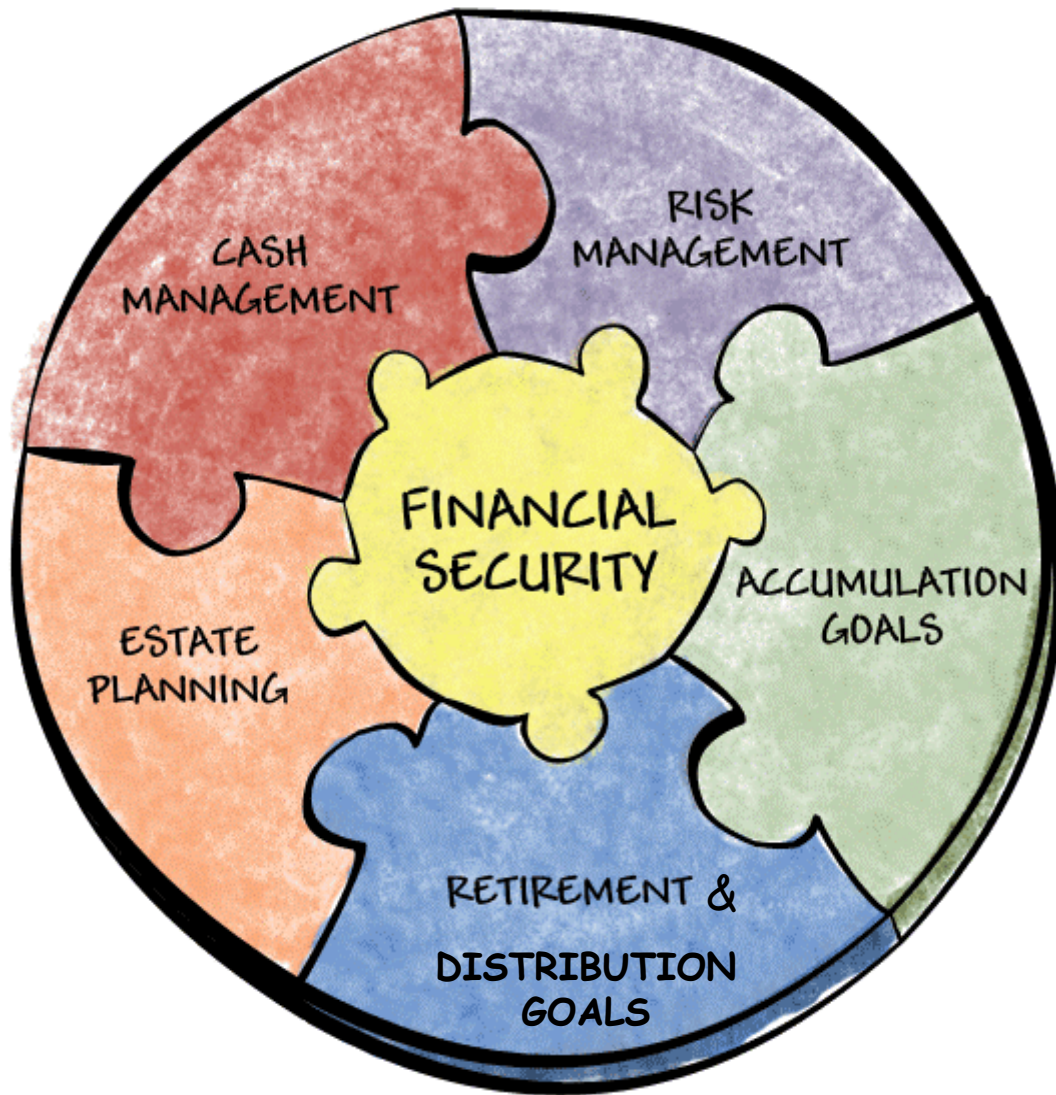
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Get Acquainted Meeting

- Learn about individual and their needs.
- Introduce BFG and our capabilities.
- Determine if BFG is the best solution.
- Could be 1 or 2 or more meetings to address all open questions.

Client Acceptance Process

Client Acceptance Committee

Relationship with Money and Data Gathering

- Meaning of money discussion.
- Data Gathering Session.

Data Gathering and Visioning exercise

Diagnostic Review

- Diagnostic of areas of exposure and opportunity
- Determination of how best to proceed.

Analyze data and prepare report

Development of Comprehensive Financial Plan

- Investment Strategy
- Estate Planning Strategy.
- Retirement Analysis and recommendation.
- Insurance Analysis and Recommendations.
- Other as appropriate

Prepare blueprint of Financial Plan Strategy

Financial Plan Implementation

- Assets to institutional platform at Schwab and implement strategy.
- Estate Documents, titling, appropriate letters and accounts established.
- Shop policies for risk management.
- Other as appropriate.

Ongoing monitoring of every aspect of the plan

Investment Committee