

## Form ADV, Part 2A Brochure

# *Womoney*

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This brochure provides information about the qualifications and business practices of Womoney. If you have any questions about the contents of this brochure, please contact Sharon Rich at 617-489-3601 or [sharon.rich@womoney.com](mailto:sharon.rich@womoney.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Womoney also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Womoney is 130434 and for Sharon Rich is 4759840.

Registration with the SEC and other state securities authorities as a registered investment adviser does not imply a certain level of skill or training.

### **Item 2 Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV," adopting new rules which amend the disclosure document ("Brochure") that Womoney provides to clients as required by SEC Rules. Since this is Womoney's first Brochure under these new rules, the information is materially different in structure from previous brochures and offers narrative information and information not previously required.

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## **Item 4 Advisory Business**

### Womoney's History

Womoney was founded by Sharon Rich in 1984. Having been a public school teacher, Rich completed a Doctorate in Education in 1986 at Harvard University, focusing on women's psychology. She took a break from graduate school at Harvard and went to Boston University from 1983 to 1985 to earn a Diploma in Financial Planning. At that time, Sharon saw a need for financial advice that was independent of potential conflicts of interest. Since 1984, Sharon Rich has been offering hourly-based, fee-only financial planning to individuals and couples.

### Principal Owner

Womoney is a sole-proprietorship with one owner/employee, Sharon Rich.

### Advisory Services Offered

Sharon Rich provides hourly-based, fee-only financial planning. Sessions occur at her home office, via phone, or via Internet (e.g., gotomeeting.com). She has a special interest in working with women, inherited wealth issues, socially responsible investing, and cash flow management.

It is the client's responsibility to act on all advice and to request follow up review. No ongoing contracts exist; clients call as needed and are charged at the end of each session. Comprehensive financial planning is not provided unless specifically requested.

### Tailoring Advisory Services

In general, financial planning and investment advisory services are tailored to meet the questions and needs of each client. In the context of financial planning, investment advice is offered to clients based on their personal short and long term goals, taking into account liquidity needs, risk tolerance, and asset allocation.

### Assets Under Management

Womoney does not take any assets under management. Investment advice is offered for educational and consulting purposes only. It is the client's responsibility to implement and monitor all investments.

## **Item 5 Fees and Compensation**

A. Womoney offers fee-only financial planning services, charging by the hour. As of 1/1/2011, the hourly rate is \$240/hour. The hourly rate may go up in the future. Typically, the hourly rate increases \$20-\$40 every two to three years. Fees are not negotiable.

B. Fees are due at the end of each meeting.

C. Clients are responsible for implementation of investment advice. In the course of making investments, clients may pay transaction fees and maintenance fees directly to the brokerage house they have chosen to use.

D. Clients may choose to pay for sessions in advance. If the session does not occur in a timely fashion, all fees are refundable upon request.

E. As a fee-only planner, no compensation is received for the sale of securities or other investment products.

## **Item 6      *Performance-Based Fees and Side-By-Side Management***

Womoney does not accept performance-based fees -- that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7      *Types of Clients***

Womoney provides investment advice primarily to individuals and couples, including high net worth individuals, trusts, and related small businesses and retirement plans.

There is no minimum account size.

## **Item 8      *Methods of Analysis, Investment Strategies and Risk of Loss***

The goal of sessions with Womoney is to assist the client in understanding the basis for making decisions about the client's financial position. Investments and asset allocation recommendations will be mentioned in the context of a client's cash flow needs, financial goals and objectives, social concerns, tax planning, risk tolerance, and related issues.

A variety of securities and other investments may be discussed: e.g., stocks, bonds, certificates of deposit, municipal securities, investment company securities (life insurance, fixed and variable annuities, exchange traded funds, and mutual fund shares), U.S. government issues, options, publicly traded real estate investment trusts (REITS), commodities funds, and other products.

In reviewing and determining recommended allocations, a client's tolerance for risk is explored via verbal questioning, e.g., by asking questions (such as, How often are you worrying about your investments? How did you feel when and what did you do during the severe market decline in 2008-2009? etc.) . In addition, by looking at current and future plans, the client's need to assume investment risks is also examined.

The investment advice Womoney provides is based upon long-term investment strategies which incorporate the principles of Modern Portfolio Theory. The utilization of several different asset classes as part of an investor's portfolio is emphasized, as this has been shown to usually effect a reduction in portfolio volatility (i.e., the standard deviation of the portfolio returns) over long periods of time. Womoney recommends diversifying client's assets among various asset classes and then among individual investments. This investment approach is firmly rooted in the belief that markets are fairly efficient (although not always rational) and that investors' gross returns are determined principally by asset allocation decisions.

Recommendations to specific no-load mutual and exchange traded funds (no commissions) and other investment products may be made with an emphasis on using index funds for core holdings. More than one option per asset class is typically presented along with data from Morningstar's Principia and other Internet based data about fund performance. Other sources of information that Womoney uses to review funds may include financial newspapers and magazines, research materials prepared by others, and annual reports and prospectuses.

Individual stock recommendations (this does not include Exchange Traded Funds) are not made other than in the context of the need for diversification and reviewing the tax implications of selling specific stocks.

The client decides how and when to implement investment recommendations.

It is advised that a client reviews investments at least annually to determine if investments still meet the client's goals and to rebalance portfolios towards target asset allocations.

Some academic studies suggest that rebalancing may add about 0.2% to 0.9% per year to portfolio performance. This is because a disciplined approach to rebalancing entails "selling high, buying low." This does not mean "selling at the highest point, and buying at the lowest point" – because that point is not knowable. Rather, the proposition is that out-performance of an asset class is often followed by a "reversion to the mean" - implying a period of under-performance for that asset class.

#### *Risk of Loss, Generally*

Investing in securities involves a risk of loss that clients should be prepared to bear. Womoney's investment recommendations seek to limit risk through broad diversification in equities (through stock mutual funds) and fixed income securities or diversified bond funds. However, the investment approach Womoney uses still subjects the client to declines in the value of the portfolio, which can, at times, be dramatic.

Womoney believes that it is difficult to predict, over a long-term (15-year or greater) whether large cap equities will outperform mid and small cap equities or whether value equities will outperform growth equities or whether U.S. securities will outperform foreign securities. Historically, mid and small cap stocks and foreign equities have been more volatile. Hence, Womoney recommends an equity allocation which leans towards US large cap and is balanced between value and growth.

In order to reduce the overall risk to a portfolio, diversified fixed income investments (e.g., FDIC insured savings and CDs, fixed annuities, short, intermediate US and international bond funds, inflation protected bonds and bond funds, and more) are recommended along with an equity core holding. Womoney believes this is the best way to temper the shorter-term volatility of the stock market. Fixed income products also carry risk. Bond funds tend to lose value in times of increasing interest rates. Fixed annuities may be a risk if the underlying insurance companies fail. CDs and bonds with fixed maturity dates may lose value if sold before maturity or if the underlying business cannot repay the debt.

Womoney does not engage in market-timing activities. Given the long-term nature of the expected equity premium (i.e., the additional expected return for investing in the overall stock market, relative to less "risky" U.S. Treasury bills), Womoney's investment philosophy is best suited for investors who desire a buy and hold strategy. Even then, investing is inherently uncertain as to future returns. Womoney believes that positive equity effects are highly likely to occur in the future, over long periods of time. However, there can be no assurance that these effects will occur over any given time period. Womoney cannot provide any guarantee that the client's goals and objectives will be achieved.

#### **Item 9      Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events of their firm or certain management personnel which would be material to your evaluation of Womoney.

Neither Womoney nor Sharon Rich has any legal or disciplinary events which are required to be disclosed.

## **Item 10 Other Financial Industry Activities and Affiliations**

At times, Womoney may recommend other investment advisers, financial planners, banking or thrift institutions, accountants, lawyers or law firms, insurance agents or insurance companies, pension consultants, real estate brokers, or other financial support people. In no way is Womoney endorsing the investment advice or fees of these individuals, nor is Womoney or Sharon Rich responsible for the acts, omissions or solvency of any broker, agent, independent contractor or other advisor suggested to the client in good faith. Womoney may be listed as an advisor on an account at discount brokerages, e.g., at TD Ameritrade, only when clients agree that they are in complete control of the decision-making and execution of trades on their accounts.

No client is obligated to use any referral made by Sharon Rich or Womoney.

Womoney seeks to avoid material conflicts of interest. Accordingly, Womoney does not receive any third party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from referrals made by Sharon . However, some additional services and non-direct monetary or other forms of compensation may be offered and provided to Womoney as a result of its relationships, for example, with TD Ameritrade and/or providers of mutual fund products. In the past, Sharon Rich has been invited to attend educational conferences sponsored by mutual fund companies. Also, by being affiliated with TD Ameritrade, Womoney receives a discount on Morningstar products. Womoney believes that the services and benefits actually provided do not materially affect the investment management recommendations made to clients.

## **Item 11 Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading**

Womoney/Sharon Rich subscribes to the Code of Ethics and Fiduciary Oath supported by members of NAPFA, the National Association of Fee-Only Planners, which is incorporated herein by reference.

**Objectivity:** NAPFA members strive to be as unbiased as possible in providing advice to clients and NAPFA members practice on a fee-only basis.

**Confidentiality:** NAPFA members shall keep all client data private unless authorization is received from the client to share it. NAPFA members shall treat all documents with care and take care when disposing of them. Relations with clients shall be kept private.

**Competence:** NAPFA members shall strive to maintain a high level of knowledge and ability. Members shall attain continuing education at least at the minimum level required by NAPFA. Members shall not provide advice in areas where they are not capable.

**Fairness & Suitability:** Dealings and recommendation with clients will always be in the client's best interests. NAPFA members put their clients first.

**Integrity & Honesty:** NAPFA members will endeavor to always take the high road and to be ever mindful of the potential for misunderstanding that can accrue in normal human interactions. NAPFA members will be diligent to keep actions and reactions so far above board that a thinking client, or other professional, would not doubt intentions. In all actions, NAPFA members should be mindful that in addition to serving our clients, we are about the business of building a profession and our actions should reflect this.

**Regulatory Compliance:** NAPFA members will strive to maintain conformity with legal regulations.

**Full Disclosure:** NAPFA members shall fully describe method of compensation and potential conflicts of interest to clients and also specify the total cost of investments.

**Professionalism:** NAPFA members shall conduct themselves in a way that would be a credit to NAPFA at all times. NAPFA membership involves integrity, honest treatment of clients, and treating people with respect.

**Fiduciary Oath:**

- The advisor shall exercise his/her best efforts to act in good faith and in the best interests of the client.
- The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality or independence of the advisor.
- The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product.
- The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business.

The Rules that implement the above Principles are contained in detail in the compliance manual located in the office of Sharon Rich

**Personal Trading.** Sharon Rich may buy or sell securities in her personal accounts identical or different than those recommended to clients. However, Sharon shall not prefer her own interest to that of a client nor make personal investment decisions based on investment decisions of clients. Womoney's Code of Ethics prohibits Sharon from the use of material non-public information and requires she protect the confidentiality of client information. Sharon must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices

## **Item 12 Brokerage Practices**

Womoney/Sharon Rich does not manage any discretionary or non-discretionary funds. It is up to each client to transact all investment trades.

Clients have the option to establish an advisory account with TD Ameritrade Institutional which they agree to manage directly with the brokerage firm. Womoney does not review the investments in these portfolios unless the client initiates contact. The benefit of such an account allows the client to buy some commission-based mutual funds without the commission and to have access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. Womoney does not receive payment from TD Ameritrade or from clients for managing these accounts, although TD Ameritrade will sometimes contact Womoney if there are problems with transactions.

As a result, Womoney participates in the advisory services program (ASP) of TD Ameritrade Institutional. While there is no direct linkage between the investment advice given and participation in the ASP program, economic benefits are received which would not be received if Womoney did not have client's investment accounts at TD Ameritrade.

The benefits provided by TD Ameritrade include assistance with practice management and assistance with the management of client accounts, which can include but not limited to: (a) receipt of duplicate client confirmations; (b) receipt of electronic duplicate statements; (c) access to a trading desk serving investment adviser firm participants exclusively, and providing research, pricing information, and other market data; (d) access to the investment advisor portion of their web sites which includes practice management articles, compliance updates, and other financial planning related information and research materials (including, for example, rating reports on individual companies from Standard and Poors' or other sources); (e) access to other vendors (such as insurance or compliance providers, or providers of research or other materials – such as Morningstar Principia) on a discounted fee basis through discounts arranged by the custodians; (f) permitting Womoney to access clients' account information; and (g) conferences at which the advisor may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession,

regulatory compliance, and information technology. Participation in the custodians programs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors,

Womoney believes that the services and benefits actually provided by TD Ameritrade Institutional do not materially affect the investment management recommendations made to clients. Although Womoney may have an incentive to recommend TD Ameritrade Institutional based on an interest in receiving the research or other products or services, the primary reason Womoney recommends TD Ameritrade Institutional is because of *clients'* ability to access otherwise unavailable or more expensive funds. Using TD Ameritrade Institutional should not significantly affect clients' interest in receiving most favorable execution. Educational, research, or other services derived from clients using TD Ameritrade Institutional may be used for the benefit of all of Womoney's clients or may benefit only some clients.

When referring to brokerage houses, Womoney most often suggests retail discount brokers such as Fidelity, Ameritrade, Schwab and Vanguard. The criteria for these references is the ease of clients managing accounts via the Internet, the low fees to purchase and custody investments, and the availability to a wide range of no-load mutual funds.

Because clients make their own investment transactions, Womoney does not offer the opportunity for clients to reduce transaction fees as a result of aggregating client trades.

#### **Item 13      Review of Accounts**

Womoney/Sharon Rich will only review client's investments or financial plans at the specific request of the client. Sharon recommends that clients review their financial situation at a minimum of once a year or when life-changes affect financial decisions.

Clients receive a written or digital copy of meeting notes and reports at the end of sessions with Womoney.

#### **Item 14      Client Referrals and Other Compensation**

Womoney/Sharon Rich does not provide or accept compensation, monetary or non-monetary, from any person for client referrals. Referrals to other professionals may be made where appropriate to meet the client's needs: for example, to tax preparers, attorneys, insurance agents, mortgage brokers, etc.

#### **Item 15      Custody**

Womoney/Sharon Rich does not accept custody of client's funds or securities.

#### **Item 16      Investment Discretion**

Womoney/Sharon Rich does not have *discretionary authority* to manage securities accounts on behalf of clients.

### **Item 17 Voting Client Securities**

Womoney/Sharon Rich does not have and will not accept authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent and it is up to the client to vote their own proxies.

### **Item 18 Financial Information**

Womoney/Sharon Rich is not required to provide a balance sheet and has never been the subject of a bankruptcy proceeding. Womoney does not foresee any financial condition that is reasonably likely to impair its ability to meet commitments to clients.

### **Item 19 Requirements for State-Registered Advisers**

Womoney is a sole proprietorship run by Sharon Rich

Sharon's work as a financial consultant began in 1984. She has a Diploma in Financial Planning from Boston University (1985) and is registered as an Investment Advisor with the Securities Division of Massachusetts. Sharon maintains a membership in NAPFA, i.e., the National Association of Personal Financial Advisors.

Sharon Rich completed a Doctorate in Education at Harvard University in 1986, focusing on women's psychology. Also, she has a Masters of Arts in Teaching of English from the University of Chicago (1978) and taught high school from 1978 to 1980. Her undergraduate degree is a B.A. with distinction in all subjects from Cornell University in 1977. Born in 1956, she grew up in Houston, Texas and attended Memorial High School.

In addition to seeing clients, Sharon has helped plan and conduct conferences on socially responsible investing, in conjunction with the Haymarket People's Fund and the Social Investment Forum, and on inherited wealth through Haymarket. She has taught courses on financial planning to new planners, through Northeastern University and to non-financial professionals, through the Cambridge Center for Adult Education.

As a member of NAPFA, Sharon Rich is required to complete at least sixty hours of continuing education every two years, including two hours on ethics and five hours each in the areas of insurance, investments, communications/counseling, taxes, retirement planning, and estate planning.

Sharon Rich has never been awarded or otherwise been *found* liable in an arbitration claim alleging damages in excess of \$2,500, *involving* any of the following:

- (a) an investment or an *investment-related* business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

Sharon Rich has never been awarded or otherwise been *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding* involving any of the following:

- (a) an investment or an *investment-related* business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.