



The Financial Team, Inc.

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Form ADV, Part 2A Brochure

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This brochure provides information about the qualifications and business practices of The Financial Team, Inc. If you have any questions about the contents of this brochure, please contact us at 760.448.2882 or plan@thefinancialteam.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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that The Financial Team, Inc. or any person associated with The Financial Team, Inc. has achieved a certain level of skill or training.

Additional information about The Financial Team, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Revised December 16, 2010

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

Maureen Verduyn and Peggy Lombardo have jointly owned and operated two complimentary companies: The Financial Team, Inc. and TFT Advisors, LLC. The Financial Team, Inc. has offered tax preparation services, while TFT Advisors, LLC was registered as an investment adviser and offered investment management and analysis and consulting services. Maureen and Peggy decided to eliminate confusion and add transparency by combining the services of the two companies under The Financial Team, Inc. and to register this company as an investment adviser. This is the brochure for The Financial Team, Inc.

If you were previously a client of TFT Advisors, LLC, this brochure dated December 16, 2010 is a new document prepared according to new regulations and rules. As such, this document is materially different in structure and requires certain new information that TFT Advisors, LLC's previous brochure did not require. In the future, this item will discuss only specific material changes that we make to our brochure and provide you with a summary of such changes. We will also reference the date of our last annual update of our brochure.

This is The Financial Team Inc.'s first brochure and therefore we have not made any material changes. We review and update our brochure at least annually to make sure that it remains current.

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ADVISORY BUSINESS

Description of Advisory Firm

The Financial Team, Inc. (“TFTI,” “we,” or “us”) is a privately owned corporation headquartered in Carlsbad, California. TFTI is registered as an investment adviser with the California Department of Corporations.

Maureen Verduyn and Margaret “Peggy” Lombardo founded TFTI in March 1998. Maureen and Peggy are the sole and equal owners of the business. They have been providing tax planning and preparation services since 1998. They provided personalized investment management and analysis and consulting services through another firm that they jointly owned, TFT Advisors, LLC. TFT Advisors, LLC was registered as an investment adviser with the California Department of Corporations on December 7, 2006. In 2010, Maureen and Peggy decided to eliminate confusion and add transparency by combining the services of the two companies under The Financial Team, Inc. and to register this company as an investment adviser.

Advisory Services Offered

TFTI primarily offers three types of services to clients. TFTI offers two investment advisory services – Investment Management and Analysis and Consulting Services. TFTI also offers tax preparation services, which is not an investment advisory service. This brochure describes TFTI’s investment advisory services.

Investment Management

TFTI offers Investment Management Services by referring clients to third-party asset allocation or managed account programs. These programs provide for the management of client portfolios by the program provider or separate account managers, who are licensed investment advisers. TFTI is independent of and is not affiliated with any third-party program provider.

Efficient Portfolios

After 15 years of research and due diligence efforts, TFTI has selected to recommend to clients the third-party asset allocation program Efficient Portfolios, a program of Efficient Advisors, LLC (“Efficient”), an investment adviser registered with the U.S. Securities and Exchange Commission. Efficient Portfolios is an asset allocation program through which Efficient allocates your assets among exchange traded funds (“ETFs”) and no-load institutional mutual funds in model portfolios designed to build long-term wealth while maintaining risk tolerance and loss threshold levels based on your distinct financial needs and goals. Efficient’s service includes monitoring your account continuously and rebalancing and/or reallocating your assets on a discretionary basis in order to maintain your model allocation selection.

We will assist you in selecting an appropriate allocation model, understanding Efficient’s investment management agreement, and completing Efficient’s investor profile. The investor profile will help Efficient determine your allocation strategy. You may place reasonable restrictions on the individual

investments in your account. These restrictions must be in writing and accompany the investment management agreement.

Efficient requires us to maintain an ongoing relationship with you and meet with you on a periodic basis, not less frequently than annually, to discuss changes in your personal or financial situation, suitability and any new or revised reasonable restrictions you would like to impose on your account(s). We will be your liaison with Efficient. We will not have investment discretion or investment management authority over your accounts. We are responsible for determining the suitability of the Efficient Portfolios program for you. Because the information you disclose in the investor profile helps Efficient determine your allocation strategy, you are responsible for communicating all changes in your financial circumstances and investment objectives to us. We are responsible for notifying Efficient of changes in your current circumstances. Efficient reviews your account in the context of your stated investment objectives and guidelines, and any adjustments made are dictated by your investor profile. Therefore, your prompt notification of any changes in your financial circumstances and investment objectives is critical to ensure that your assets are in alignment with your individual needs.

If you choose to participate in the Efficient Portfolios program, you will enter into an investment management agreement with TFTI and Efficient. TFTI cannot enter into an agreement on Efficient's behalf, and Efficient has the right to reject any client we refer. Every referred client, prior to entering into an investment management agreement with TFTI and Efficient, will receive Efficient's disclosure brochure, privacy notice, and a disclosure of the referral arrangement, including the compensation TFTI is paid. You should review Efficient's disclosure brochure, investor profile, and investment management agreement before deciding to participate in the program.

TFTI receives fees for our services as described below under ***Fees and Compensation***.

Limitations on Investments

For clients participating in the Efficient Portfolios platform, in some circumstances, Efficient's advice may be limited to certain types of securities. For example, when Efficient provides services to participants in a self-directed 401(k) plan, the participant may be limited to investing in securities included in the plan's investment options. In that case, Efficient can only make recommendations to the client from among the available options, and will not recommend or invest the client's account in other securities, even if there may be better options elsewhere.

There may also be limitations on the securities in which Efficient may invest clients' accounts. For clients whose accounts are held in custody at certain custodians, Efficient is limited to the securities offered through the custodian. Similarly, for clients whose accounts are invested in variable annuity contracts, Efficient may only invest in the sub-accounts permitted by the issuer of the variable annuity contract. In addition, clients may hold or purchase other non-managed securities. Non-managed securities are held strictly as an accommodation and at the request of the client. Generally, all non-managed securities within your portfolio are traded and/or held solely at your request.

Analysis and Consulting Services

TFTI offers Analysis and Consulting Services. Analysis and Consulting Services may take the form of one-on-one advice concerning investment matters or other advice as contracted by you. While TFTI does not prepare financial plans for clients, Analysis and Consulting Services may include advice on individual issues such as review of investment portfolios, tax planning services, risk management through insurance review, evaluation of real estate portfolio and mortgages, retirement planning, estate planning, cash flow management, college planning, and discussions about behaviors, philosophy, personality and your relationship with money.

Fees charged for Analysis and Consulting Services are described below under **Fees and Compensation**.

Tailored Services

We may make recommendations to purchase or roll over current real estate-related private placements such as Tenant-In-Common (TIC) interests and Limited Liability Company shares of professionally managed properties. TFTI may recommend real estate-related private placements to clients based on factors that include but are not limited to accreditation status, the level of interest clients express during meetings with TFTI, and whether the program would offer diversification to the client. Private placements typically do not have a ready market for their purchase or sale, are less liquid than market-based securities, and are therefore considered risky investments. Consequently, these securities are only available to accredited investors. TFTI will recommend these securities only to clients who meet the necessary income and/or net worth requirements and where TFTI believes the investment is appropriate for the client based on the client's ability to accept the risk. See also disclosures under **Other Compensation, Risks, and Registered Representative of Unaffiliated Broker-Dealer** below.

Non-Advisory Services

TFTI also offers non-advisory tax preparation services. Fees for these services are quoted separately and not considered a part of TFTI's Investment Management or Analysis and Consulting services. See also disclosures under **Other Business Activities** below.

Assets Under Management

As described above, TFTI does not manage client assets but instead offers Investment Management Services by referring clients to third-party asset allocation or management account programs. TFTI does assist clients in completing an investment profile for and determining the suitability of the Efficient Portfolios program for clients' investable assets. TFTI is then compensated based on a percentage of the assets clients place into this program. Total client assets invested in the Efficient Portfolios program as of 12/10/2010 was \$35,725,000.

FEES AND COMPENSATION

Fee Schedule

Investment Management Services

Efficient's management fee is a percentage of the market value of the assets held within your account under management in accordance with the following fee schedule:

Household Assets	Efficient Advisors' Fee	Maximum TFTI Fee*	Total Annual Management Fee
First \$500,000	0.50%	1.25%	1.75%
Next \$500,000	0.45%	0.95%	1.40%
Next \$1,000,000	0.35%	0.50%	0.85%
Next \$1,000,000	0.30%	0.30 %	0.60%
Over \$,3000,000	0.25%	0.25%	0.50%

Of the total annual management fee, Efficient typically retains the amount of each tier listed above under the Efficient Advisors' Fee column and TFTI receives the remainder. Efficient aggregates accounts with the same address into Households and breakpoints are applied by Household. Efficient charges a minimum annual fee of \$60.00 per investment account. The management fee deducted from your account is first applied against this minimum or Efficient's annual percentage fee listed above, whichever is higher, and the difference is shared with TFTI. The minimum fee is not prorated and is not shared with TFTI.

*TFTI's portion of the total management fee is listed under the column Maximum TFTI Fee above and represents the maximum fee TFTI may earn under the program. However, TFTI has decided to discount the highest fee for all clients of TFTI so that the maximum annual fee to TFTI will be 1% instead of 1.25%. Additionally, TFTI may negotiate its fee based on a number of factors including, but not limited to, the amount of work involved and the assets placed under management. Lower fees for comparable services may be available from other sources.

Efficient may manage TFTI's accounts and our employees' and/or family accounts for a reduced fee or free of charge. Additionally, non-managed assets (described above) are excluded from the calculation of the management fee.

TFTI has introduced accounts in excess of \$10 million under management with Efficient, and is considered an Elite Advisor. As such, Efficient may share an additional 0.15% on all tiers with TFTI. This additional amount will not change the total Management Fee paid by you. See also ***Client Referrals and Other Compensation*** below.

Clients receive and sign a disclosure statement, which specifies the fee schedule and the compensation to TFTI or its owners. You should review Efficient's disclosure brochure, investor profile, and investment management agreement before deciding to participate in the program.

Analysis and Consulting Services

TFTI offers Analysis and Consulting Services on an hourly or fixed fee basis. TFTI charges fees for Analysis and Consulting Services at a rate of \$250 per hour per principal and at a reduced rate for services performed by administrative personnel. Alternatively, TFTI may offer Analysis and Consulting Services on a project fee basis. The project fee is based primarily on the complexity of each client's circumstances and an estimate of the number of hours to complete the project and will be quoted at the time of engagement. TFTI's minimum fee is \$250.

Billing Method

Investment Management

Efficient Portfolios

You will authorize your account's custodian to pay the management fee by debiting your account monthly, in advance, based on the market value of your account's assets on the last day of the previous month as valued by your account's custodian. The management fee for the initial month is calculated based on the contributions made into each account and prorated based on the date of the initial trade into the Efficient Portfolio(s).

You may add cash to and withdraw funds from your account(s) at any time. If assets are deposited into or withdrawn from your account(s) after the beginning of the month, that month's management fee will not be adjusted or prorated. In the event that the total value of your account or aggregated accounts falls below \$50,000 because of a withdrawal by you or for any other reason, Efficient may terminate the investment management agreement. You should review Efficient's disclosure brochure, investor profile, and investment management agreement before deciding to participate in the program.

Analysis and Consulting Services

TFTI invoices the hourly fees for Analysis and Consulting Services as fees are incurred and fees are payable upon receipt of TFTI's invoice. For project fees, one-half of the total estimated project fee is due and payable at the time you execute the agreement. The remainder of the fee is due upon completion of the services.

Other Fees and Expenses

TFTI's fees and fees for the Efficient Portfolios program do not include custodian fees. Any brokerage commissions, transaction charges, stock transfer fees, and other similar charges that are incurred in connection with transactions for your account will be paid out of the assets in the account and are in addition to the fees you pay to TFTI or Efficient.

In addition, any mutual fund shares held in your account may be subject to deferred sales charges, 12b-1 fees, short-term redemption fees, and other mutual fund annual expenses. The fees and expenses are fully described in the fund's prospectus. All fees paid to TFTI for our services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers and such fees are therefore indirectly charged to all holders of the mutual fund shares. If you have mutual funds in your portfolio, you are effectively paying both Efficient and the mutual fund manager for the management of their assets.

You should review Efficient's disclosure brochure, investor profile, and investment management agreement before deciding to participate in the program.

Termination

Investment Management

Efficient Portfolios

The investment management agreement will continue in effect until terminated by you or Efficient by written notice to the other. If termination is on a day other than the last day of a calendar month, Efficient will retain the unused portion of the prepaid management fee. Efficient may terminate its services to your account(s) upon 30 days prior written notice to you and to TFTI.

In addition, in the event that the total value of your account or aggregated accounts falls below \$50,000 because of a withdrawal by you or for any other reason, Efficient may terminate the investment management agreement. You should review Efficient's disclosure brochure, investor profile, and investment management agreement before deciding to participate in the program.

Analysis and Consulting Services

Either party may terminate the agreement for Analysis and Consulting Services at any time by providing written notice to the other party. You may terminate the agreement at anytime by writing TFTI at our office. If our hourly agreement is terminated before we have completed the agreed upon services, we will invoice you for work completed through the termination date. If our project-fee agreement is terminated before we have completed the agreed upon project we will determine the percentage of the project we have completed based on the hourly rate and the number of hours we have expended for the project. If we have completed less than one-half of the project, we will refund to you any unearned fees. If we have completed more than one-half of the project, we will invoice you for the additional time we have expended in excess of the fees you have paid.

Other Compensation

Maureen and Peggy may receive sales commissions for the sale of real estate-related private placements. We may recommend these securities in connection with our Analysis and Consulting Services and the commissions we receive are separate from and in addition to the fees you pay us for our Analysis and Consulting Services. Depending on the scope of the analysis project, TFTI may use the commissions generated from these transactions to offset an Analysis and Consulting Service. Securities

that generate commissions are excluded from the asset values used for calculating your fees for Investment Management Services.

The receipt of commission payments presents a conflict of interest and could give us an incentive to recommend investment products based on the compensation we receive, rather than on your needs. Anytime we would receive a commission from the sale of a recommended investment product, we will disclose that conflict to you. Our disclosure may be in conversations with you or may be in writing to you. You are free to choose whether you act on our recommendations to purchase investment products or not. If you decide to purchase the recommended investment products, you have the option to purchase the products through any broker or agent of your choice. You are not required to purchase the products through us.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

TFTI does not charge performance-based fees.

TYPES OF CLIENTS

TFTI offers its services to individuals, high net worth individuals, trusts and estates, and individual participants of retirement plans. In addition, we offer our services to small businesses and pension and profit sharing plans.

Account Requirements

As described under ***Advisory Services Offered*** above, TFTI offers Investment Management Services by referring clients to the Efficient Portfolios program. Efficient aggregates accounts with the same address into Households. In the event the total value of your account or aggregated total value of a Household falls below \$50,000 because of a withdrawal by you or for any other reason, Efficient may terminate the investment management agreement. Efficient may waive this requirement at its discretion. You should review Efficient's disclosure brochure, investor profile, and investment management agreement before deciding to participate in the program.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

Investment Management

As described under ***Advisory Services Offered*** above, TFTI offers Investment Management Services by referring clients to the Efficient Portfolios program. We will assist you in selecting an appropriate allocation model, understanding Efficient's investment management agreement, and completing Efficient's investor profile. The investor profile will help Efficient determine your allocation strategy. Efficient offers clients a variety of structured, long-term, globally diversified portfolios that are primarily constructed using exchange traded funds (ETFs) or no-load mutual funds. No-load mutual funds are primarily used for accounts under \$50,000. Some of Efficient's portfolios use alternative assets classes,

by using a managed futures mutual fund, within the portfolio in an effort to mitigate the potential downside volatility of the stock and bond markets. There is no requirement that you use alternative assets classes within your portfolio. We will discuss the potential benefits and risks of including the managed futures mutual fund in your portfolio. See also **Risks** below. You should review Efficient’s disclosure brochure, investor profile, and investment management agreement before deciding to participate in the program.

General Risk of Loss Statement

Prior to entering into an agreement with TFTI and Efficient, you should carefully consider:

1. That investing in securities involves risk of loss which you should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the your assets may fluctuate and at anytime be worth more or less than the amount you invested; and
4. Committing to Efficient’s management only those assets that you believe you will not need for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years.

Risks

Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The combined holdings the mutual fund owns are known as its portfolio. Each share represents an investor’s proportionate ownership of the fund’s holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund’s per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Some of the risks of mutual funds include having to pay taxes on any capital gains distribution the investor receives even if the fund goes on to perform poorly after the investor buys shares or lack of real-time prices, as mutual funds typically only calculate their NAV once every business day, typically after the major U.S. exchanges close.

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories—money market funds, bond funds (also called “fixed income” funds), and stock funds (also called “equity” funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

Money Market Funds

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high-quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV)—which represents the value of one share in a fund—at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund’s investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-

term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why “inflation risk”—the risk that inflation will outpace and erode investment returns over time—can be a potential concern for investors in money market funds.

Bond Funds

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC’s rules do not restrict bond funds to high-quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards. Some of the risks associated with bond funds include credit risk, interest rate risk, and prepayment risk.

Stock Funds

Although a stock fund’s value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other types of investments—including corporate bonds, government bonds, and treasury securities. Overall “market risk” poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons—such as the overall strength of the economy or demand for particular products or services.

Managed Futures Funds

A Managed Futures Mutual Fund invests in other funds. These underlying funds will typically employ various actively managed futures strategies that will trade various derivative instruments including (i) options, (ii) futures, (iii) forwards or (iv) spot contracts, each of which may be tied to (i) commodities, (ii) financial indices and instruments, (iii) foreign currencies, or (iv) equity indices. Managed futures strategies involve substantial risks that differ from traditional mutual funds. Each underlying fund is subject to specific risks, depending on the nature of the fund. These risks could include liquidity risk, sector risk, and foreign currency risk, as well as risks associated with fixed income securities, commodities and other derivatives. The strategy of investing in underlying funds could affect the timing, amount and character of distributions to you and therefore may increase the amount of taxes you pay.

Each underlying fund is subject to investment advisory and other expenses, including potential performance fees, which will be indirectly paid by the Managed Futures Fund. Your cost of investing in a Managed Futures Fund will be higher than the cost of investing directly in underlying funds and may be higher than other mutual funds that invest directly in stocks and bonds. You will indirectly bear fees and expenses charged by the underlying funds in addition to the Managed Futures Fund's direct fees and expenses. Each underlying fund will operate independently and pay management and performance based fees to each manager. Generally, the underlying funds will pay management fees that range from 0% to 2% of assets and performance fees that range from 10% to 35% of each underlying fund's returns. There could be periods in which fees are paid to one or more underlying fund managers even though the Fund, as a whole, has a loss for the period.

Tax Consequences of Mutual Funds

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and unless the investor makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. In addition to owing taxes on any *personal capital gains* when the investor sells shares, the investor may also have to pay taxes each year on *the fund's capital gains*. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market index. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, ETF prices may be affected by the prices of the underlying securities, the overall market. ETF prices that track a particular sector may be affected by factors affecting that particular industry segment.

Real Estate-Related Private Placements

The real estate-related private placement structure is a mechanism that allows individual investors to pool their resources in real estate deals. A product sponsor, who is usually a trust subsidiary, real estate investment company, or entrepreneur, arranges the structure. The sponsor will identify the property, perform the due diligence, enter into the purchase and sale agreement, arrange financing and offer interests to investors through registered persons of a broker-dealer. The responsibilities of the various investors are outlined in the private placement agreement. In addition, the individual investors sign additional documents giving the sponsor the right to handle or sub-contract for the day-to-day operations of the property.

A primary advantage of a real estate-related private placement is that the real estate investment properties are, in effect, pre-packaged by the sponsor. This includes the required due diligence paperwork such as title insurance, environmental, tax opinion and study lease documents. This due diligence work greatly reduces the up-front costs that the individual investor would incur if they sought out the investment independently and eliminates any of the conventional landlord's headaches.

Real estate-related private placements may be either securitized or non-securitized. If they are securitized, they are subject to regulation by the Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA), and may only be sold by registered securities dealers. The management of the product is typically by the product's sponsor, and may include multiple properties. If they are non-securitized, they are structured as straight real estate investments, not governed by the SEC or FINRA, and are sold by real estate licensees. The sponsor is not involved in the

management of the product, but may retain an ownership position. Each product typically involves only one real estate property.

Any project should be evaluated on its own merits in the same manner that any direct investment in real estate should be considered.

The risks of investing in a real estate-related private placement include: Similar to all real estate investment, there is risk in real estate-related private placement investments. Investors should carefully review offering materials related to the investment, as those materials will contain significant risk disclosures and specific information about the property. Interests in real estate may be speculative and may involve a high degree of risk; investors should be able to bear the loss of part or all of their investment. Some investment interests are subject to recourse liability, i.e., the investor may be responsible for providing any cash that is needed in the future in association with the property.

There may be some restrictions on transferring ownership interests; these are not liquid investments. There are numerous important tax risks and tax issues involved with the purchase of the interest; investors should consult their own tax advisors and legal counsel. The direct or indirect purchase of real property involves significant risks, including market risk and property specific risk. The purchase of real property with other investors presents risks in association with the relationship with those other investors. These investments are often leveraged; leverage may increase volatility and may increase the risk of investment loss. The manager has broad authority and supervision over the property and the terms of financing. The various fees paid to the manager and its affiliates in the investment are significant and may offset profits related to the ownership and operation of the real estate.

In addition, there is no guarantee that cash distributions will continue, that a particular property's business plan will be successfully executed, that the property's value will be enhanced or the property will be sold within the planned time period.

The potential for property value to decrease: All real estate investments have the potential to lose value during the life of the investment. This is true of any investment, especially real estate.

The change of tax status: The income stream and depreciation schedule for any investment property may affect the income bracket and/or tax status of the owner of the property. An unfavorable tax ruling may potential cancel the deferral of the capital gains.

Potential for foreclosure: Any and all financed real estate investments have the possibility of foreclosure.

Potential for having an illiquid investment: Most real estate can be an illiquid asset, and private placement investments are no different. There is currently no secondary market for these investments. All properties usually have business plans, ranging from three to ten years in length. Some properties receive offers, of which the co-owners vote on, in advance of the completion of the business plan.

The reduction or elimination of monthly cash flow distributions: Just like any other investment in real estate, if a property unexpectedly loses tenants or sustains substantial damage, there is potential for a

suspension of current, cash flow distributions or rent. The business plan, professional property management, and asset management, are attempted safeguards against possible cash flow disruption.

The impact of fees and/or expenses: Just Like any investment in real estate, additional costs associated with the transaction may impact returns for the investor, and it may even outweigh the tax benefits of any exchange procedure.

The loss of management control: Product sponsors typically employ professional asset and property management. Therefore, while co-owners vote on major issues, such as selling the property, they do not have the direct say over the day-to-day property management situations. This can be considered both a benefit and a risk.

DISCIPLINARY INFORMATION

We are required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. TFTI does not have any legal or disciplinary information to disclose.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Registered Representatives of Unaffiliated Broker-Dealer

Maureen and Peggy are also registered securities representatives of Rance King Securities, Inc. ("Rance King"), a non-affiliated registered broker-dealer and a member of the Financial Industry Regulation Authority ("FINRA"). The only products that Maureen and Peggy may offer through Rance King are real estate-related private placements sponsored by Rance King, which are generally Tenant In Common ("TICs") securities and/or Limited Liability Company ("LLC") interests. These securities are only offered to investors that are accredited investors. Maureen and Peggy spend approximately 1% of their time and generate approximately 5%-10% of their income providing these services. Clients are under no obligation to act upon any recommendations of Maureen or Peggy or effect any transactions through Maureen or Peggy if they decide to follow the recommendations.

See also disclosures under ***Other Compensation*** and ***Risks*** above.

Licensed Insurance Agents

Maureen and Peggy maintain insurance licenses with the California Department of Insurance. They are licensed to sell life-only, accident, and health insurance through various insurance companies. Maureen is licensed in California under insurance license # OC63406. Peggy is licensed in California under insurance license# 0668431. Although they maintain their licenses and may sell insurance products, they have elected not to sell insurance products to clients. If they elect to sell insurance in the future, they will be entitled to receive commissions on the sale of insurance products. The insurance commissions would be separate from and in addition to any other fees that a client may pay to TFTI for investment advisory services. Clients are under no obligation to act upon any recommendations of Maureen or Peggy or effect any transactions through Maureen or Peggy if you decide to follow their

recommendations.

Licensed Real Estate Agents

Peggy is a licensed real estate broker and Maureen is a licensed real estate agent. Although they maintain their licenses and may sell real estate, they have elected not to sell real estate to clients. If they elected to sell real estate in the future, they would be entitled to receive commissions on the sale of real estate. The commissions would be separate from and in addition to any other fees that a client may pay to TFTI for investment advisory services. Clients are under no obligation to act upon any recommendations of Maureen or Peggy or effect any transactions through Maureen or Peggy if you decide to follow their recommendations.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

TFTI believes that we owe clients the highest level of trust and fair dealing. Further, as part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. TFTI's personnel are required to conduct themselves with integrity at all times.

Participation or Interest in Client Transactions and Personal Trading

At times, employees of TFTI may hold, buy, or sell positions in securities that we may also recommend to clients. However, at no time will TFTI or any employee receive preferential treatment over clients.

TFTI may recommend that clients invest in real estate-related private placements. Employees of TFTI may also be investors in the same investments. Employees of TFTI may invest in the same offerings that we recommend to clients and the owners of TFTI may earn commissions on the investment by clients. See also disclosure under ***Other Compensation*** and ***Registered Representative of Unaffiliated Broker-Dealer*** above.

TFTI's 401(k) plan and the personal accounts of certain employees of TFTI are invested with Efficient, the same program that TFTI recommends to clients. Maureen and Peggy serve on an informal advisory board for Efficient, which provides them with an opportunity to provide feedback on the programs Efficient offers to all clients, not just those of TFTI.

TFTI is and will continue to be in total compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988 and the applicable rules of state and federal securities laws, including the prohibition of insider trading. TFTI maintains the required personal securities transaction records for employees.

BROKERAGE PRACTICES

Factors Considered in Selecting Broker-Dealers for Client Transactions

Clients participating in the Efficient Portfolios program are required under the program to open one or more accounts in their own name with either Schwab Institutional (“Schwab”) or TD Ameritrade Institutional, a division of TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc., both registered broker-dealers and members of SIPC, for safekeeping of assets and execution of client transactions. Schwab is a division of Charles Schwab & Co., Inc., a registered broker-dealer, member SIPC. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc., both registered broker-dealers and members of SIPC, 401(k) accounts will be required to open an account with TD Ameritrade. Variable annuities in the Efficient Portfolios program are offered through Monumental Life. You should review Efficient’s disclosure brochure, investor profile, and investment management agreement before deciding to participate in the program.

Because the two custodians offer very similar services for very similar pricing, TFTI is not biased as to which custodian a client should choose. However, in the case of tax qualified accounts, TFTI will recommend TD Ameritrade to clients for the custody of their assets when clients are invested or chose to invest in private placements recommended by TFTI. TFTI recommends TD Ameritrade on the basis that TD Ameritrade facilitates holding in custody certain real estate private placements and based on the relatively low cost and online access services provided to clients. Private placements purchased with non tax-qualified assets are generally held directly by the client.

REVIEW OF ACCOUNTS

Managed Account Reviews

In the Efficient Portfolios program, Efficient and not TFTI is responsible for the ongoing management of your account(s). We offer to meet with you at least once per year to discuss changes in your personal or financial situation, suitability of the program for you, and any new or revised restrictions you would like to impose on your account(s) in the program. Maureen and Peggy conduct all reviews. Additionally, you must promptly notify us of any changes at any time in your financial circumstances and investment objectives and should not wait until your next annual review.

Account Reporting

Each client participating in the Efficient Portfolios program receives statements from their custodian every month during which there is activity in their account(s). Additionally, Efficient provides clients with a report at the end of each calendar quarter that may include relevant account and market related information. The default method for report delivery is by electronic means. Efficient will post these reports to a password protected website. Efficient will assess an annual fee from any client that requests paper reports to be mailed to them.

CLIENT REFERRALS AND OTHER COMPENSATION

To date, TFTI has introduced accounts in excess of \$10 million under management with Efficient, and having done so is considered an Elite Advisor. As such, Efficient shares an additional 0.15% on all fee tiers with TFTI. This additional 0.15% paid to TFTI will not change the total management fee paid by clients, however, the Elite Advisor arrangement has permitted TFTI to offer their services to clients at a lower rate than it would otherwise. TFTI customarily discounts the highest fee for all clients so that the maximum annual fee to TFTI will be 1% instead of 1.25%. Although TFTI has an incentive to recommend clients to the Efficient Portfolios platform in order to maintain in excess of \$10 million under management on the platform and the continued increase of its fees, TFTI is also responsible for ensuring that the platform is suitable for clients and will only recommend the platform to clients when TFTI believes the platform is in the best interest of clients based on their financial circumstances and investment objectives. Additionally, Efficient Portfolios is the only platform that TFTI recommends to clients but TFTI reserves the right to continue researching and performing due diligence on other third party platforms that may be of greater benefit to TFTI's clients. Should TFTI find an alternative program that is compatible with TFTI's strategic and passive investment philosophy and is either comparable or superior to the Efficient Portfolios program, TFTI is under no obligation to continue referring the services of Efficient Advisors.

Efficient may cover certain marketing and administrative costs of TFTI, which would normally be the responsibility of TFTI. Efficient's payment of such costs will increase the net revenue to TFTI, and therefore may give TFTI an incentive to refer clients to Efficient instead of alternative portfolio managers.

Efficient may offer TFTI a reduced subscription rate to The Advisor Lab, LLC's suite of products. The Advisor Lab, LLC is Efficient's parent company and is a marketing and education firm dedicated to helping financial professionals leverage their existing client relationships. This discount is generally scaled based on the total amount of assets referred by TFTI and may result in TFTI receiving the subscription at no cost.

Efficient may also pay other unaffiliated financial advisors for providing administrative and market support to TFTI.

To address the above conflicts of interest, TFTI will make full disclosure in this brochure of any additional economic benefit we have received from Efficient and will amend our brochure periodically for any changes in those benefits. We will include changes in those benefits in **Material Changes** above which we will provide to you at least annually.

CUSTODY

TFTI does not take custody of client funds or securities in any way. Instead, client assets are held at a qualified custodian such as TD Ameritrade, Inc. or Charles Schwab & Company, Inc., registered broker-

dealers and members of SIPC. Further, client funds & securities are held separately in the name of the client.

See also ***Factors Considered in Selecting Broker-Dealers for Client Transactions*** above.

INVESTMENT DISCRETION

TFTI does not accept discretionary authority over client accounts. We make recommendations to clients and refer client to third-party asset allocation or management account programs. Clients participating in one of these programs will typically grant an investment adviser in the program discretion to manage their account. TFTI does not manage clients' investment accounts.

VOTING CLIENT SECURITIES

TFTI does not vote client securities. We make recommendations to clients and refer client to third-party asset allocation or management account programs. Clients participating in one of these programs may grant an investment adviser in the program the authority to vote proxies for securities held in their account. If the third-party adviser does not vote proxies, then clients will receive proxies directly from their custodian or transfer agent. TFTI does not manage clients' investment accounts; therefore, TFTI may only be able to assist clients with general questions at it relates to the programs of the third-party advisers. However, TFTI is not able to provide advice regarding any particular solicitation.

FINANCIAL INFORMATION

TFTI does not require the prepayment of more than \$500 in fees per clients, six months or more in advance.

TFTI does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Principal Executive Officers and Management Persons

The principal executive officers and management persons of TFTI are Maureen Verduyn and Margaret "Peggy" Lombardo. Our education and business background is provided in the Form ADV Part 2B Supplement included below.

Other Business Activities

TFTI and our employees engage in other business activities besides providing investment advice. We discuss these activities under ***Other Financial Industry Activities and Affiliations***, above.

Additionally, Peggy and Maureen provide tax preparation services. Tax preparation services account for approximately 25 to 30% of Peggy and Maureen's time, and represents approximately 10-15% of TFTI's income.

Performance-Based Fees

TFTI does not receive any performance-based fees.

Legal and Disciplinary Issues

TFTI and our employees seek to maintain the highest level of business professionalism, integrity, and ethics. TFTI and its employees do not have any legal or disciplinary events to disclose.

Arrangements with Securities Issuers

TFTI and our employees have no relationships or arrangements with issuers of securities other than those disclosed above under ***Other Financial Industry Activities and Affiliations***.

This brochure supplement provides information about Maureen Verduyn and Margaret “Peggy” Lombardo that supplements The Financial Team, Inc. brochure. You should have already received a copy of that brochure. Please contact Maureen or Peggy if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about Maureen Verduyn and Margaret “Peggy” Lombardo also is available on the SEC’s website at www.adviserinfo.sec.gov.



Maureen Verduyn and Margaret “Peggy” Lombardo

The Financial Team, Inc.

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Suite 105
Carlsbad, CA 92011
760.448.2882
www.thefinancialteam.com

Form ADV, Part 2B Brochure Supplement

December 16, 2010

Educational Background and Business Experience

Maureen Verduyn, CFP; Principal, b. 1963

Education:

M.Ed.; University of San Diego, 1996

B.A.; University of North Carolina, Wilmington, 1992

Certified Financial Planner, 1987

Business Background:

The Financial Team, Inc., Principal, 1998 to present

TFT Advisors, LLC, Managing Member, 2006 to 2010

Rance King Securities Corp., Registered Representative, 2010 to present

Lighthouse Capital Corporation, Registered Representative, 2007 to 2009

QA3 Financial Corp, Registered Representative and Investment Adviser Representative, 1998 to 2006

Margaret “Peggy” Lombardo, CFP, EA, Principal, b. 1947

Education:

B.A.; University of Vermont, 1968

Certified Financial Planner, 1986

Business Background:

The Financial Team, Inc., Principal, 1998 to present

TFT Advisors, LLC, Managing Member, 2006 to 2010

Rance King Securities Corp., Registered Representative, 2010 to present

Lighthouse Capital Corporation, Registered Representative, 2006 to 2009

QA3 Financial Corp, Registered Representative and Investment Adviser Representative, 1998 to 2006

The CFP designation is conferred by the Certified Financial Planner Board of Standards, Inc. To earn the credential, each CFP candidate must have a bachelor’s degree (or higher) from an accredited college or university and three years of full-time personal financial planning experience. In addition, candidates must take the CFP Certification examination and complete a CFP-board registered program or hold an accepted designation, degree or license. Every two years, CFP certificants must complete a minimum of 30 hours of continuing education. More information regarding the CFP can be found at <http://www.cfp.net/default.asp>.

An enrolled agent (EA) is a person who has earned the privilege of practicing, that is, representing taxpayers, before the Internal Revenue Service. Enrolled agents, like attorneys and certified public accountants (CPAs), are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle, and which IRS offices they can practice before.

There are two tracks to becoming an enrolled agent. The two tracks are:

- Written examination. You can become an enrolled agent by demonstrating special competence in tax matters by taking a written examination. This track requires that you -
 - Apply to take the Special Enrollment Examination (SEE);
 - Achieve passing scores on all parts of the SEE;

- Apply for enrollment; and
 - Pass a background check to ensure that you have not engaged in any conduct that would justify the suspension or disbarment of an attorney, CPA, or enrolled agent from practice before the IRS.
- IRS experience. You can become an enrolled agent by virtue of past service and technical experience with the IRS that qualifies you for enrollment. This track requires that you -
 - Possess the years of past service and technical experience;
 - Apply for enrollment; and
 - Pass a background check to ensure that you have not engaged in any conduct that would justify the suspension or disbarment of an attorney, CPA, or enrolled agent from practice before the IRS.

More information regarding enrolled agents is available at <http://www.irs.gov>.

Disciplinary Information

Maureen Verduyn and Peggy Lombardo have no disciplinary history to disclose.

Other Business Activities

Maureen Verduyn and Peggy Lombardo engage in other business activities. Please refer to ***Other Financial Industry Activities and Affiliations*** and ***Requirements for State-Registered Advisers*** in our brochure, Form ADV Part 2A above.

Additional Compensation

Maureen Verduyn and Peggy Lombardo may receive compensation for the sale of real estate-related investments. Please refer to ***Fees and Compensation: Other Compensation*** in our brochure, Form ADV Part 2A above.

Supervision

Maureen Verduyn and Peggy Lombardo are the Principals of TFTI and supervise all employees.

Requirements for State-Registered Advisers

Maureen Verduyn and Peggy Lombardo have no additional disclosures.