



**FORM ADV PART 2A, APPENDIX 1**

## **CLIENT 1<sup>ST</sup> WRAP FEE PROGRAM**

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**March 29, 2022**

*This Brochure provides information about the Client 1<sup>st</sup> Wrap Fee Program and the qualifications and business practices of Client 1st Advisory Group LLC ("Client 1<sup>st</sup>"). This Brochure is an Appendix to the Client 1<sup>st</sup> Form ADV Part 2A that is also being provided to you by your Client 1<sup>st</sup> Advisor. If you have any questions about the contents of either Brochure, please contact us at 727-450-2301 or by email at: [info@clag.com](mailto:info@clag.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority. Additional information about us is also available on the SEC's website [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).*

*References to Client 1<sup>st</sup> as a "registered investment advisor" or any reference to being "registered" does not imply a certain level of skill or training.*

## **Item 2 — Summary of Material Changes**

This section discusses only specific material changes that are made to Form ADV Part 2A and this Form ADV Part 2A, Appendix 1 and provides you with a summary of such changes. Since our last annual filing of the Client 1<sup>st</sup> Wrap Fee Program on March 26, 2021, we have the following material changes to report:

On May 1, 2021, Herb Pontzer assumed the position of Chief Compliance Officer of Client 1<sup>st</sup>. Mr. Pontzer succeeds Dave Stieh who is the Firm's Chief Operations Officer and a Managing Member of Client 1<sup>st</sup>.

July 2021 Client 1<sup>st</sup> entered into an agreement with Pontera, a portfolio management platform to facilitate our management of held away assets such as defined contribution plans (See Item 9 Additional Information, page 11)

In March 2022 Client 1<sup>st</sup> joined the Schwab Advisor Network (SAN Program). The Program helps investors to find independent investment advisors. (See Item 9, Additional Information, page 11).

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## **Item 4 — Services, Fees and Compensation**

### **THE COMPANY**

In this brochure, references to “we”, “us”, “our”, “our firm”, “the firm” “the Company” and “Client 1<sup>st</sup>” refers to Client 1st Advisory Group, LLC. Individuals who serve as our directors, officers, and representatives are referred to as “your advisors”, “investment advisory representatives” or “IARs”. Our firm’s clients are referred to as “you” “your” or “our clients”.

Client 1<sup>st</sup> Advisory Group, LLC was formed under the laws of the State of Florida in March 2013 as the successor to Client 1<sup>st</sup> Advisors, Inc. and Wealth Management Consultants, Inc. The firm is registered with the United States Securities and Exchange Commission as an investment advisor.

Our Managing Members are Craig Phillips, President , Michelle Mabry, Chief Executive Officer , Dave Stieh, Chief Operations Officer and Chief Compliance Officer.

Client 1st offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations. Our services and fee arrangements are described in the following pages.

### **OUR SERVICES**

We provide personalized financial planning and portfolio management services. Most of our clients are individuals and revocable grantor trusts. However, we also work with family limited partnerships, pension and profit sharing plans, estates, charitable organizations and small businesses. We also provide financial consulting services to employer sponsored retirement plans.

We provide advice to our clients through our “Consultative Client Management Program” This process involves a series of meetings to (1) determine your financial goals and objectives, (2) present you with an investment plan, (3) form a mutual commitment to the plan and (4) schedule progress meetings on a quarterly basis.

Your Client 1<sup>st</sup> Advisor will analyze your current financial situation, investment goals and current strategies. Based on this analysis your Advisor will determine if the Client 1<sup>st</sup> Wrap Fee Program (the “Wrap Program” or “Wrap Account”) is suitable for the recommended investment strategy. . Your Advisor will explain the Program’s management process and investment strategies and will assist you with the selection of one or more Model Portfolios in an effort to meet your investment needs.

Your Advisor will directly manage your account in the Program on a discretionary basis, as specified in your Client 1<sup>st</sup> Wrap Program Agreement (“Agreement”). Your Advisor will manage your account in the Program with the intent to diversify your investments, and therefore may include various types of securities such as equities, exchange traded funds (“ETFs”), mutual funds, and various fixed income securities. Our IARs may also recommend other types of investments when the IAR deems such investments appropriate based on your investment profile and any restrictions that you may impose.

On a quarterly basis your Advisor will review your financial situation, goals and objectives so that updates to your investment strategy can be made, if warranted.

## **FEES AND COMPENSATION**

You will pay one fee (the “Program Fee”) The Program Fee includes our investment management advisory fee and the commissions charged by broker/dealers for executing the transactions.

The Program Fee is billed quarterly in advance. The quarterly fee is the annual fee percentage adjusted for the number of days in the calendar quarter and is based on the market value of the total non-cash assets in the Wrap Account on the last business day of the preceding calendar quarter. The market values are also separately provided to you by the custodian. We urge our clients to compare both statements. If errors are discovered in the firm’s favor, we credit or refund such amount, with no time limit.

The Program Fee may be more than what your Advisor would receive if you participated in our other programs or paid separately for investment advice, brokerage services, or other services. Therefore, your Advisor may have a financial incentive to recommend this Wrap Program over other programs or services. Moreover, your Program Fee may be higher or lower than the Program Fee charged by other Advisors participating in the Client 1<sup>st</sup> Wrap Fee Program.

The first billing cycle begins on the account inception date and is based on the account value on the inception date as determined by your qualified custodian. We prorate the fee for new accounts based on the number of days remaining in the calendar quarter. The quarterly billing value is equal to the closing market value of the account on the last business day of the quarter.

Our advisory fee ranges up to 1.50% and is based on the aggregate value of related accounts, the complexity of the account and the investment strategies employed. We will specify the amount and the manner in which we charge fees in our written agreement with you.

Additions of funds exceeding \$50,000 deposited to your accounts during a quarter will be subject to a pro-rated annual management fee. Liquidations and distributions occurring during the quarter will not receive pro-rated refunds of fees.

You authorize us in the Agreement to invoice the custodian directly and you grant the custodian permission to deduct our fees directly from your account.

#### *Other Fees and Expenses*

In addition wrap program fee you may pay a nominal ongoing custodial fee for the establishment and operation of your wrap account.

We charge an additional management fee ranging from .50% to .75% is charged for direct management of held away assets such as 401(k) plans.

Moreover, if your portfolio manager chooses to invest in funds, you will also incur expenses at the fund level. “Investment company shares” or “funds” of which the most common types are mutual funds, exchange-traded funds (“ETFs”) and unit investment trusts (“UITs”) charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees and expenses generally include a management fee, shareholder servicing, portfolio transaction costs, other fund expenses, and sometimes a distribution fee. These separate fees are disclosed in each fund’s current prospectus, which is available from the sponsor and, upon request, from us.

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

We do not charge any performance-based fees in this Program (fees based on a share of capital gains on or capital appreciation of your assets).

### **TERMINATION OF AGREEMENTS**

You may terminate the Wrap Program Agreement for any reason by notifying Client 1<sup>st</sup> in writing within five (5) days of the contract date and receive a complete refund of your fees. After the initial five days the Agreement may be terminated by either party upon written notice to the other party and will become effective on the date received by the other party (“termination date”). You will be obligated to pay fees through the termination date. Any unused portion of the quarterly advanced fee will not be refunded.

Client 1<sup>st</sup> may also terminate the Wrap Program Agreement by written notification if pertinent information to the planning process has not been provided. . In this instance, any unused portion of advanced fees will be refunded within 15 days.

### **Item 5—Account Requirement and Types of Clients**

#### **TYPES OF CLIENTS**

Our investment management and financial planning services are available to individuals, revocable grantor trusts, pension and profit sharing plans, estates, charitable organizations and small businesses.

#### **ACCOUNT REQUIREMENTS**

The minimum account size for the Client 1<sup>st</sup> Wrap Account is \$250,000. Client 1<sup>st</sup> reserves the right to waive the account minimum. We may require you to add to the amount in order to maintain the minimum or request that the account be terminated. These conditions are negotiable in light of your specific circumstances and relationships with our firm and our principals and representatives. The Wrap Account is traded only on a discretionary basis

### **Item 6--Portfolio Selection and Evaluation**

Your IAR is the portfolio manager for all accounts in the Program. Generally speaking our goal at Client 1st is to help you achieve your stated investment objectives by selecting a mix of investment products and asset managers that provide the highest returns at an acceptable level of risk within your stated time frame.

### **Item 7---Client Information Provided to Portfolio Manager**

As the portfolio manager, your Advisor has access to all of the information you provide to them, including your financial information, investment objectives, risk tolerance level, tax status, investment experience, financial status, and other information relating to your investment

profile. Client 1st has adopted a Privacy Policy, in accordance with Regulation S - P under section 504 of the Gramm-Leach-Bliley Act, which restricts our Firm's use and your IARs' use of, and access to, your nonpublic personal information. In order for our IARs to effectively manage your account and assist you in helping to meet your financial objectives, you must update your IAR as soon as possible when any changes to your personal or financial information occur.

You may obtain a complete copy of our Privacy Policy by contacting our corporate office at 727-450-2301 or via email at [info@clag.com](mailto:info@clag.com).

### **Item 8 — Client Contact with Portfolio Managers**

Our IARs manage your account in the Program directly. As a client of the Program and as a client of our IAR, you will have unfettered access to contact and consult with the IAR who is managing your assets under the Program.

### **Item 9 — Additional Information**

#### **DISCIPLINARY INFORMATION**

Registered Investment advisors are required to disclose all matters regarding any legal or disciplinary events involving our firm or any of our representatives. We have no items to report.

#### **CUSTODIANS**

For our Wrap Program we have established primary custodial and brokerage service relationships with **T.D. Ameritrade**, an independent SEC-registered broker/dealer.

#### **CODE OF ETHICS AND PERSONAL TRADING**

We have adopted a Code of Ethics (the "Code") describing the standards of business conduct we expect all officers, directors, employees, and advisory representatives to follow. It expresses our core fundamental values to be honest, fair, and forthright in our dealings with clients and others in the conduct of our business. Our Code also guides our practices in giving investment advice to our clients and personal trading of securities for our employees and their related accounts. You



may request a copy of our Code of Ethics by contacting our Main Office at 727-450-2301 or by email at: [info@c1ag.com](mailto:info@c1ag.com).

Client 1st employees and representatives may benefit from their purchases or sales of investments that we recommend to you and we may buy or sell securities that are also held by our clients. However, employees may not trade their own securities ahead of our clients' trades.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

Occasionally we enter into solicitor agreements with accounting firms, and other professional firms or individuals who have referred friends and associates to our Firm. Under these agreements the solicitor is compensated for their referral by sharing the annual management fee earned by Client 1<sup>st</sup>. If you become our client as a result of the solicitor's efforts, you will receive a separate solicitor's disclosure brochure describing our solicitation arrangements, the compensation we pay to the solicitor and the terms of that relationship. You will also receive a copy of this Brochure. Generally, any such agreement will provide for an ongoing payment to the solicitor as a percentage of the advisory fees we collect from you. We do not charge clients introduced by such solicitors a higher advisory fee as a result of our obligation to pay for the solicitation services. Outside solicitor arrangements create a potential conflict of interest. Solicitors may have an incentive to recommend clients to us based on the referral fee.

#### ***TD Ameritrade Institutional***

We participate in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through participation in the Program.

We may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serves us; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our Clients' accounts); the ability to have our advisory fees deducted directly from our Clients' accounts; access to an electronic communications network for Client order entry and account information;

access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services that we or our related persons may receive. These products or services may assist us in managing and administering our Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop its business enterprise. The benefits our Firm and our personnel receive through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duty to our clients we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our Firm in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Client 1st may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Our Firm may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Client 1st and there is no employee or agency relationship between our Firm and TD Ameritrade. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Client 1st and has no responsibility for our Firm's management of client portfolios or other advice or services. We pay TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to us ("Solicitation Fee"). We will also pay TD Ameritrade the Solicitation Fee on any advisory fees that we receive from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and who has hired our Firm on the recommendation of such referred client. We will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to our clients. (For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.)

Our participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, we may have an incentive to recommend to clients that their assets under management by Client 1st be held in custody with

TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, we have agreed not to solicit clients referred to us through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Our participation in AdvisorDirect does not diminish our duty to seek best execution of trades for our clients' accounts.

Some of our IARs are registered insurance agents and may occasionally receive commissions on fixed insurance products that is in addition to our investment management and financial planning fees.

### *Schwab Advisor Network*

Client 1<sup>st</sup> receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in the Schwab Advisor Network® ("the Service" or SAN Program"). Schwab designed the Service to help investors find an independent investment advisor. Schwab is a broker-dealer independent of, and unaffiliated with Client 1<sup>st</sup>. Schwab does not supervise us and has no responsibility for our management of clients' portfolios or other advice or services we provide. Client 1<sup>st</sup> pays Schwab fees to receive client referrals through the Service. Our participation in the Service raises conflicts of interest, as described below.

Client 1<sup>st</sup> pays Schwab a Participation Fee on all referred clients' accounts custodied at Schwab and a Non-Schwab Custody Fee on all accounts maintained at, or transferred to, another custodian. The Participation Fee we pay is a percentage of the fees the client pays to us, or a percentage of the value of the assets in the client's account subject to a minimum Participation Fee. Client 1<sup>st</sup> pays Schwab the Participation Fee as long as the referred client's account remains in custody at Schwab. Schwab bills us the Participation Fee quarterly and Schwab may increase, decrease, or waive the fee from time to time. Client 1<sup>st</sup> pays the Participation Fee and not the client. We have agreed not to charge clients referred through the Service fees or costs greater than the fees or costs we normally charge to clients with similar portfolios who were not referred through the Service.

Schwab bases the Participation Fee and Non-Schwab Custody Fee on assets in accounts of our clients referred by Schwab and those referred clients' family members living in the same household. This means that we have incentive to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from their accounts.

### *Pontera (formerly FeeX) – Participant Account Management*

We use a third party platform, Pontera (f.k.a. FeeX) to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link is provided to our Client allowing he or she to connect an account(s) to the platform. Once Client's account(s) is connected to the platform, we manage the account on a discretionary basis. We review the current account allocations. When deemed necessary, we will rebalance the account

considering client investment goals and risk tolerance. Any change in allocations considers current economic and market trends. Client account(s) are reviewed at least quarterly and allocation changes are made as deemed necessary

### *Insurance Services*

Some of our IARs are registered insurance agents and occasionally may receive commissions on fixed insurance products. You will be notified in advance of any such transactions resulting in a commission being paid to an associated person of Client 1<sup>st</sup>. The additional compensation creates conflicts of interest that you should consider before engaging our services.

### **REVIEW OF ACCOUNTS**

We review your accounts on a quarterly basis. Account reviewers are members of our Investment Committee. They consider your current security positions, asset allocations money managers and the likelihood that the performance of each security, investment strategy or money manager will contribute or continue to contribute to your investment objectives

### **FINANCIAL INFORMATION**

As a registered investment adviser, we are required to provide you with certain financial information or disclosures about our financial condition or if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you.

### **OTHER SERVICES**

We offer clients a diverse menu of financial planning services including, but not limited to: education planning, estate plans, tax planning, risk management, retirement planning, cash flow planning and other investment and non-investment related matters. If you would like us to provide you with financial planning or consulting services, we enter into a separate written agreement with you setting forth the terms and conditions of our engagement, describing the scope of our services to be provided and our fee.

For additional information regarding these services, and our fees, contact our corporate office, a **727-450-2301 or via email at [info@c1ag.com](mailto:info@c1ag.com)** to receive a copy of Part 2A of our Form ADV.