



## Form ADV Part 2A

### Item 1 – Cover Page

**MBG Retirement, Inc.**  
**11700 Katy Freeway, Suite 1100**  
**Houston, Texas 77079**  
**(713) 693-1650**  
**[www.higginbotham.net](http://www.higginbotham.net)**

**March 27, 2017**

This brochure provides information about the qualifications and business practices of MBG Retirement, Inc. If you have any questions about the contents of this brochure, please contact us at (713) 693-1650. 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.

MBG Retirement, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about MBG Retirement, Inc. is also available on the SEC's website at **[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**. The SEC's website also provides information about any persons affiliated with MBG Retirement, Inc. who are registered, or are required to be registered, as investment adviser representatives of MBG Retirement, Inc.

### Item 2 – Material Changes

Since our last annual ADV filing on March 29, 2016, no material changes have been made to the Form ADV Part 2 brochure.

We will provide you with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, our brochure may be requested by contacting Kelly Somoza at (713) 693-1650 or [ksomoza@higginbotham.net](mailto:ksomoza@higginbotham.net), free of charge.

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#### **Item 4 – Advisory Business**

MBG Retirement, Inc. (called “we” or “MBGR” in this brochure) is required to register as an investment adviser with the Securities and Exchange Commission because we provide pension plan consulting to plans with more than \$200 million in assets. We provide investment advice but do not invest or manage our clients’ assets. Consequently, many of the items in Form ADV Part 2A are not applicable to us.

MBGR was founded in 2000 as a wholly owned retirement division of Madison Benefits Group, Inc. and is now owned by Higginbotham Insurance Agency, Inc. (“Higginbotham”). MBGR provides consulting to plan sponsors of qualified retirement plans. We design and service qualified retirement plans and non-qualified deferred compensation plans. We conduct vendor searches for plan sponsors to find appropriate 401(k) and retirement plan providers. We also analyze all facets of retirement benefit programs and advise clients on managing their fiduciary responsibilities, improving participants' education in retirement planning, and identifying practices that will reduce administrative time and costs to plan sponsors.

Among our services are the following:

**Development of investment policy statements** for retirement plans.

**Analysis of investments** and assistance in the selection of mutual funds including ongoing due diligence for retirement plans.

**Reviews of plan documents**, including reviews of summary plan descriptions, investment policy statements, loan policies and 404(c) procedures.

**Procedural reviews** of payroll procedures regarding contribution limits, deferrals, and matching contributions.

**Development of a compliance calendar** containing filing deadlines, contribution due dates, and other important dates.

**Compliance consulting** to retirement plans.

**Serving as a co-fiduciary** on the investments in a plan.

As consultants, we tailor our advisory services to fit the needs of the individual plan sponsor as well as the needs of the employee population benefitting under the plan as required by ERISA guidelines. We have no assets under management, either on a discretionary or non-discretionary basis.

### **Item 5 – Fees and Compensation**

We negotiate fees at the outset of an engagement. Our annual consulting fees typically range from .05% to .75% of plan assets depending on size and complexity of the plan. All of our clients enter written agreements with us under which fees and billing arrangements are fully described. We usually bill clients quarterly in arrears. Clients may elect to be billed directly for fees or to authorize fees to be paid from plan assets. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Our fees are for consulting services only. When implementing our recommendations, the client incurs all fees and expenses associated with securities accounts. These fees and expenses include brokerage commissions, transaction fees, custodial fees, money managers' fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to MBGR's fee. We do not receive any portion of these commissions, fees, and costs.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

We provide investment advisory services in the form of retirement plan consulting to corporate retirement and profit-sharing plans and non-qualified plans.

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

When advising our retirement plan clients, we analyze the needs of the client's employee population. Our recommended investment strategy is tailored to suit those needs. We recommend mutual funds, exchange traded funds, and group annuity products for selection by retirement plan sponsors. In making these recommendations, we rely on research provided by Morningstar and other services providers, such as a fund family, insurance company, or third party administrator. We collaborate with clients to prepare investment policy statements to guide us and the plan sponsor in selecting investments to recommend to the plans.

We do not invest on behalf of our clients. Each plan selects its own custodians and makes its own investments. In recommending securities to our clients, we do not guarantee the future performance of our recommendations or any specific level of performance. The securities we recommend are subject to various market, currency, economic, political and business risks. Before selecting a fund or annuity for inclusion in a plan, the plan sponsors should consult the prospectus for detailed information about the specific risks related to that fund or annuity. We are required to

caution our clients that investing in securities involves risk of loss that clients should be prepared to bear.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of MBGR or the integrity of MBGR's management. MBGR has no information applicable to this item.

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

MBGR's primary business is as a consultant to retirement plans, but not all of our consulting work for the plans involves the provision of investment advice. For example, we provide the following services to our clients: reviews of retirement plan documents, reviews of payroll procedures, development of compliance calendars, compliance consulting for retirement plans, and assistance with employee communication packages.

Higginbotham, an insurance agency, may refer clients to MBGR. The two companies share offices and some personnel. MBGR is owned by Higginbotham, which also owns the following insurance agencies: ATMD Insurance Agency, Inc.; Higginbotham Insurance Agency Houston, LLC; Sun Belt Insurance Agency, Inc.; Swantner and Gordon Insurance Agency, LLC; Massmart Insurance Agency, Inc.; William Gammon Insurance Agency, Inc.; and CBG-Hig, LLC. MBGR may receive referrals from these insurance agencies.

MBGR may pay referral fees to individuals associated with Higginbotham, provided that these individuals are registered as solicitors for MBGR. The referral fee paid to a solicitor will vary according to the circumstances, but clients who are the subject of referral fee arrangements receive written disclosure concerning the details of the arrangements.

Kelly Somoza and Gayla Gaudette are registered as investment adviser representatives of MBGR.

### **Item 11 – Code of Ethics**

MBGR has adopted a code of ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The code of ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at MBGR must acknowledge receipt of the code of ethics at least once a year and at any time during the year when the code is amended. MBGR's clients or prospective clients may request a copy of the firm's code of ethics by contacting Kelly Somoza.

As part of its consulting work, MBGR may recommend mutual funds and exchange traded funds to its retirement plan clients. MBGR's employees may own shares of the same funds the firm recommends. The funds involved are among the largest funds in the United States, and no trade by an MBGR employee could affect the securities markets or the value of a client's account.

Nevertheless, employees are required to report their personal securities holdings when they become employed with MBGR and to report their personal securities transactions once each quarter. MBGR's chief compliance officer, or designee, reviews these reports to verify compliance with MBGR's code of ethics.

### **Item 12 – Brokerage Practices**

MBGR does not manage assets and does not select or recommend brokers to its investment advisory clients.

### **Item 13 – Review of Accounts**

Although MBGR does not manage clients' assets, MBGR provides investment reviews of underlying plan assets on a quarterly, semi-annual, or annual basis. The content and frequency of the written reports are determined by each client's engagement agreement with MBGR.

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

MBGR may pay referral fees to individuals associated with Higginbotham, provided that these individuals are registered as solicitors for MBGR. The referral fee paid to a solicitor will vary according to the circumstances, but clients who are the subject of referral fee arrangements receive written disclosure concerning the details of the arrangements.

### **Item 15 – Custody**

MBGR does not have custody of clients' funds or securities. MBGR's retirement plan clients are responsible for selecting their own custodians to hold plan assets. Clients are urged to carefully review custodians' statements.

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

MBGR has no authority, either discretionary or non-discretionary, to manage clients' assets.

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

MBGR has no authority to vote proxies in clients' investment accounts. MBGR's engagement agreement with a client may provide that MBGR will consult with the client concerning proxy voting at the client's request, but the responsibility for receiving and voting proxies remains with the client or the client's designee.

**Item 18 – Financial Information**

This Item requires us to provide certain financial information or disclosures about MBGR's financial condition. MBGR has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and MBGR has not been the subject of a bankruptcy proceeding.

## **Form ADV Part 2.B**

### **Item 1- Cover Page**

**Gayla Berry Gaudette  
MBG Retirement, Inc.  
11700 Katy Freeway, Suite 1100  
Houston, Texas 77079  
(713) 693-1650**

**March 27, 2017**

This brochure supplement provides information about Gayla Berry Gaudette that supplements the MBG Retirement, Inc.'s brochure. You should have received a copy of that brochure. Please contact Kelly Somoza at (713) 693-1650 if you did not receive MBG Retirement, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Gayla Berry Gaudette is available on the SEC's web site at **[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**.

### **Item 2- Educational Background and Business Experience**

#### **Gayla Berry Gaudette**

Year of Birth: 1974

Formal Education after High School:

University of Texas, B.B.A. in Finance, 1997

University of Houston, M.B.A., 2002

Business Background for Preceding 5 Years:

Vice President, Investments, MBG Retirement, Inc. (08/2004 - Present)

Member, 5151 Advisors, LLC (08/2007 - Present)

Registered Representative, H. Beck, Inc. (08/2004 - 12/2015)

Investment Associate, UBS PaineWebber (03/1999 - 11/2002)

Equity Research Associate, Salomon Smith Barney (08/1997 - 03/1999)



### **Item 3- Disciplinary Information**

This Item requires disclosure of all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person who provides investment advice for MBG Retirement. There is no information about Gayla Berry Gaudette that is applicable to this Item.

### **Item 4- Other Business Activities**

Ms. Gaudette has an insurance license and may receive commissions for the referral of health insurance business to Higginbotham, MBGR's parent company.

Ms. Gaudette is also a member of 5151 Advisors, LLC, an SEC-registered investment advisor that provides investment management services to individuals, trusts, and charitable entities. Ms. Gaudette's duties with 5151 Advisors require a substantial amount of her time.

### **Item 5- Additional Compensation**

Ms. Gaudette does not receive any economic benefit from any non-client for providing services to MBG Retirement's investment advisory clients.

### **Item 6 - Supervision**

Kelly Somoza, president of MBG Retirement, supervises the advice provided to the firm's clients. Ms. Somoza reviews all client proposals and presentations in advance. She also monitors employees' personal securities trades and employees' compliance with the firm's policies and procedures and its code of ethics. Ms. Somoza can be reached at (713) 693-1650.

## **Form ADV Part 2.B**

### **Item 1- Cover Page**

**Kelly Fawcett Somoza  
MBG Retirement, Inc.  
11700 Katy Freeway, Suite 1100  
Houston, Texas 77079  
(713) 693-1650**

**March 27, 2017**

This brochure supplement provides information about Kelly Fawcett Somoza that supplements the MBG Retirement, Inc.'s brochure. You should have received a copy of that brochure. Please contact Kelly Somoza at (713) 693-1650 if you did not receive MBG Retirement, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Kelly Fawcett Somoza is available on the SEC's website at **[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**.

### **Item 2- Educational Background and Business Experience**

#### **Patricia Kelly Fawcett Somoza**

Year of Birth: 1953

Formal Education after High School:

University of Mississippi, B.A., 1974

University of Mississippi, M.B.A., 1976

Business Background for Preceding 5 Years:

President, MBG Retirement, Inc. (01/2000-Present)

Manager/Member, 5151 Advisors, LLC, (08/2007-Present)

Registered Representative, H. Beck, Inc. (01/2002-10/2011)

Vice President, U.S. Home Corp (1992-2000)

### **Item 3- Disciplinary Information**

This Item requires disclosure of all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person who provides investment advice for MBG Retirement. There is no information about Kelly Fawcett Somoza that is applicable to this Item.

### **Item 4- Other Business Activities**

Ms. Somoza has a Texas insurance license and may receive commissions primarily from the sale of group annuity products to 401(k) Plans. The clients who generate commissions are not investment advisory clients of MBG Retirement. No client of MBG Retirement pays both advisory fees and insurance commissions to MBG Retirement or any of its supervised persons.

Ms. Somoza may also receive commissions for the referral of health insurance business to Higginbotham which is an insurance agency and MBGR's parent company.

Ms. Somoza is also a manager/member of 5151 Advisors, LLC, an SEC-registered investment advisor that provides investment management services to individuals, trusts, and charitable entities. Ms. Somoza's duties with 5151 Advisors require a substantial amount of her time.

Ms. Somoza is a member of the advisory board of Callahan Advisors and is expected to provide advice in connection with general business strategy and community relations, economic views, succession planning and transitioning to the next generation guidance, and other collaborative efforts. Ms. Somoza's membership on the advisory board of Callahan Advisors and her activities with respect thereto may require a portion of her time. We do not believe that Ms. Somoza's activities as an advisory board member of Callahan Advisors will be likely to present any conflicts of interest with those of MBG Retirement. Nevertheless, MBG Retirement will attempt to mitigate or address any conflicts of interest that arise with respect to such activities in the future and will provide full and fair disclosure of any material conflicts of interest to clients.

### **Item 5- Additional Compensation**

Ms. Somoza does not receive any economic benefit from any non-client for providing services to MBG Retirement's investment advisory clients.

### **Item 6 - Supervision**

Ms. Somoza supervises the investment advice provided to MBG Retirement's clients. Ms. Somoza reviews all client proposals and presentations in advance. Since she is the president of MBG Retirement, Ms. Somoza does not have a supervisor. However, Ms. Somoza's personal securities trades and her compliance with the firm's policies and procedures and its code of ethics are reviewed by Gayla Gaudette, a vice president of MBG Retirement. Ms. Gaudette can be reached at (713) 693-1650.