

**Wealth Management Group, LLC  
300 Rosewood Drive, Suite 103  
Danvers, MA 01923  
(978) 624-3000**

**[www.wmgroupllc.com](http://www.wmgroupllc.com)**

**June 22, 2011**

**FORM ADV PART 2A  
BROCHURE**

**This brochure provides information about the qualifications and business practices of Wealth Management Group, LLC. If you have any questions about the contents of this brochure, please contact us at (978) 624-3000 or [Jamie@WMGroupLLC.com](mailto:Jamie@WMGroupLLC.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Wealth Management Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our Firm IARD/CRD number is 128866.**

**Any references to Wealth Management Group, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

<b>Item 2 - Material Changes</b>
----------------------------------

When we amend our brochure for the annual update and it contains material changes from our last annual update, we will provide you with a summary of such changes. We will discuss only specific material changes that are made to the brochure since the last annual update of the brochure and we will reference the date of the last annual update to this brochure.

Since this is our initial disclosure brochure, we have no material changes to disclose. We recommend that you read this initial version of our brochure and contact us should you have any questions.

**Item 3 - TABLE OF CONTENTS**

Item 2 - Material Changes .....	2
Item 4 - Advisory Business .....	4
Item 5 - Fees and Compensation .....	8
Item 6 - Performance-Based Fees and Side-By-Side Management .....	13
Item 7 - Types of Clients .....	13
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	13
Item 9 - Disciplinary Information .....	17
Item 10 - Other Financial Industry Activities and Affiliations .....	17
Item 11 - Code of Ethics, Participation or Interest in Client Transactions & Personal Trading.....	17
Item 12 - Brokerage Practices.....	18
Item 13 - Review of Accounts .....	24
Item 14 - Client Referrals and Other Compensation .....	25
Item 15 - Custody.....	26
Item 16 - Investment Discretion .....	26
Item 17 - Voting Client Securities .....	27
Item 18 - Financial Information .....	27
Item 19 - Requirements for State Registered Advisers.....	27
Brochure Supplements	

## Wealth Management Group, LLC

### Item 4 - Advisory Business

Wealth Management Group, LLC ("WMG") is an investment advisory firm offering financial planning, retirement planning, and asset management services customized to the needs of individuals, businesses, and organizations.

Richard E. Prout is the Managing Member and sole owner of WMG. In 1995, he established Prout Financial Services, a Massachusetts-registered investment advisory firm. This firm evolved into Wealth Management Group, LLC in 2004 and due to its growth, Richard filed for investment adviser registration with the Securities and Exchange Commission in May 2007. Richard has been in the financial services industry since 1984. Additional business information about Richard Prout is disclosed in the Supplemental Brochure attached to this Brochure.

We tailor our advisory services to your individual needs. You may ask us to restrict and/or limit certain securities or types of securities when we invest for you. To begin the process, we will ask you to complete our data-gathering form to assist us with obtaining information about your financial situation and history. Additionally, we will meet with you and conduct an interview and data gathering session to continue the due diligence process. We will discuss your desired level of risk, your knowledge of investing, and how we can best meet your needs. The information we collect will help us to provide a program customized to your financial situation.

Depending on the services you have requested, we will gather various financial information and history from you such as:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Financial needs
- Cash flow analysis
- Cost of living needs
- Education needs
- Savings tendencies
- Other applicable financial information required by WMG in order to provide the investment advisory services requested.

We may use the financial planning software, Moneytree, to analyze your financial strength.

### **Asset Management Services**

Once we complete our analysis of your situation we will work with you to determine which of our model portfolios would be most suitable for you and what level of risk is most comfortable for you.

When constructing client portfolios, we use five different risk profiles ranging from conservative (Risk Level 1) to aggressive (Risk Level 5).

Risk Level 1: The primary objective is to minimize losses and to keep volatility to a minimum. The secondary objective is growth of assets. During periods of strong stock market performance, we expect this portfolio risk profile to trail each of the other four risk profiles. During periods of weak stock market performance, we expect this portfolio risk profile to outperform each of the other four risk profiles.

Risk Level 2: The primary objective is to minimize losses and to keep volatility to a minimum. The secondary objective is growth of assets. During periods of strong stock market performance, we expect this portfolio risk profile to trail more aggressive risk profiles while outperforming more conservative risk profiles. During periods of weak stock market performance, we expect this portfolio risk profile to outperform more aggressive risk profiles while trailing more conservative risk profiles.

Risk Level 3: The primary objective is to equally balance minimizing losses and growing the assets. During periods of strong stock market performance, we expect this portfolio risk profile to trail more aggressive risk profiles while outperforming more conservative risk profiles. During periods of weak stock market performance, we expect this portfolio risk profile to outperform more aggressive risk profiles while trailing more conservative risk profiles.

Risk Level 4: The primary objective is growth of assets. The secondary objective is to minimize losses and to keep volatility to a minimum. During periods of strong stock market performance, we expect this portfolio risk profile to trail more aggressive risk profiles while outperforming more conservative risk profiles. During periods of weak stock market performance, we expect this portfolio risk profile to outperform more aggressive risk profiles while trailing more conservative risk profiles.

Risk Level 5: The primary objective is growth of assets. The secondary objective is to minimize losses and to keep volatility to a minimum. During periods of strong stock market performance, we expect this portfolio risk profile to outperform each

## Wealth Management Group, LLC

of the other four risk profiles. During periods of weak stock market performance, we expect this portfolio risk profile to trail each of the other four risk profiles.

From there, we will customize your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time, and your financial situation, goals and objectives.

We will schedule a meeting with you and present the Investment Policy Statement to outline how your account will be managed. It will include the recommended portfolio allocation. Upon your approval, we will implement the portfolio allocation.

WMG will provide continuous and ongoing management of your account on a discretionary basis. We will manage your account and make changes to the allocation as deemed appropriate by WMG. We will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. WMG may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods.

We will primarily use open-ended mutual funds including no-load and load waived or mutual funds purchased at net asset value (NAV). Less frequently, we may recommend closed-end funds, exchange traded funds (ETFs), limited partnerships, non-publicly traded real estate investment trusts (REITs), and variable annuities. Additionally, when transferring your account to WMG, you may have stock and/or bond holdings and, at your request, we may provide advice on these investments.

Transactions in your account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

As previously stated, WMG will start the portfolio construction process by determining the model portfolio that best meets your suitability parameters. Your managed account may be similarly managed and contain similar holdings as compared to other clients' managed accounts.

As further described below, WMG has entered into a relationship to offer you brokerage and custodial services through the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab") or TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. There is no affiliation between WMG, TD Ameritrade or Schwab.

## **Wealth Management Group, LLC**

Additionally, you may establish an account with other financial institutions (referred to as “other financial institutions”) such as mutual fund companies, 529 college savings plan providers, variable annuity companies, retirement plans providers and private and public partnerships. WMG will provide asset management services on your assets held at other financial institutions provided WMG is listed on the account with limited trading authorization to allow us to place trades on your behalf. These accounts held at other financial institutions do not qualify for our wrap fee program as described below. Any fees charged at these other financial institutions will be your responsibility.

Most accounts held at other financial institutions (not Schwab or TD Ameritrade) do not allow us to electronically download transaction and account balances into our asset management software. As a result, we cannot check for rebalancing trades on a weekly basis as we do for Schwab or TD Ameritrade accounts. As a result we try to utilize products/procedures that do not require weekly checks for rebalancing trades such as: age-based funds, target date funds, asset allocation funds or automatic rebalancing options offered by the “other financial institution”. Once a year, we will review these accounts to ensure the plan/products/procedures are still appropriate for you.

### **Wrap Fee Programs**

Clients with an account at Schwab or TD Ameritrade may participate in a wrap fee program. A wrap fee program is a fee-based account for which you will pay a single fee for portfolio review, asset management services, and brokerage services.

WMG offers two wrap fee programs: the Wealth Management Group Wrap Program and the Private Client Group Wrap Program. Eligibility for participation in the program will depend upon the aggregated value of assets under WMG’s management:

- Wealth Management Group Wrap Program - For Clients who have less than \$1 million of assets on which WMG or its Advisory Representatives receive any form of compensation
- Private Client Group Wrap Program - For Clients who have \$1 million or more of assets on which WMG or its Advisory Representatives receive any form of compensation.

Under the wrap fee program, you will not pay any ticket charges or retirement account maintenance fees on accounts held in custody with Schwab or TD Ameritrade. All such fees and expenses will be borne by WMG. WMG and Advisory Representatives of WMG will receive a portion of the wrap fee for providing advisory services.

## **Wealth Management Group, LLC**

### **Financial Planning and Retirement Planning Services**

Your plan may include advice on tax planning analysis, estate planning analysis, business planning, retirement planning, budgeting and cash flow, and/or fringe benefit analysis. WMG will schedule a meeting with you and present the analysis of your situation and recommendations for steps to be taken to assist you towards your financial goals.

Plans are based on your financial situation at that time and are based on financial information disclosed by you to WMG. Certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. WMG cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify WMG promptly of the changes. The advice offered by WMG may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through WMG or its Advisory Representatives.

### **General Information**

The investment recommendations and advice offered by WMG are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. If your financial situation, investment goals, and/or objectives should change, please inform WMG promptly. The change may trigger a need for adjustments in your plan or portfolio. Failure to notify WMG of any such changes could result in investment recommendations not meeting your needs.

### **Assets Under Management**

The amount of discretionary assets under management by WMG totaled \$138,000,000 as of December 31, 2010. WMG does not manage assets on a non-discretionary basis.

<b>Item 5 - Fees and Compensation</b>
---------------------------------------

### **Asset Management Services**

Fees are negotiable under certain circumstances (e.g., friends, family members, and employees of WMG) and are subject to change. Fees are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.



## Wealth Management Group, LLC

Advisory fees will be charged in advance of the billing period. The billing period will be on a calendar quarterly basis (i.e., March 31, June 30, September 30, and December 31). The quarterly advisory fee will be based on the value of the Account on the last business day of the just completed three-month period. Fees for partial periods will be prorated.

$$\text{Advisory Fee} = ((\text{Account Value} \times \text{Annual Fee}) / 365) \times \text{Number of Days in the Quarter}$$

The initial quarterly fee will be calculated at the end of the initial billing period. The fee will be pro-rated based on the number of days remaining in the three-month period. Thereafter, advisory fees will be charged in advance of the billing period. This means that you will initially receive two billings (one for the just completed quarter and one for the upcoming quarter). After that, you will receive one billing for each subsequent quarter.

You may make additions to the Account or withdrawals from the Account, provided the Account continues to meet minimum account size requirements. No fee adjustments will be made for additions or withdrawals from the Account or for Account appreciation or depreciation.

### Wealth Management Group Wrap Program

Account Size	Annual Fee
First \$250,000	1.30%
Next \$750,000	1.00%

### Private Client Group Wrap Program

Account Size	Annual Fee
First \$250,000	1.25%
Next \$750,000	1.00%
Next \$2,000,000	0.75%
Next \$2,000,000	0.60%
Next \$5,000,000	0.45%

WMG may change the above fee schedule upon 30-days prior written notice to you.

Advisory fees are based on the aggregate value of all managed accounts within the established household. The value of the portfolio will include, but is not limited to, assets under the management of WMG held at Schwab or TD Ameritrade as well as those assets under WMG's management held at other financial institutions. It is WMG's policy to include only one-half of the 529 plan account balance in the total portfolio valuation.

## Wealth Management Group, LLC

If our Advisory Representative recommends the purchase of non-publicly traded REITs or Limited Partnerships, the position(s) will be included in the calculation of the advisory fee. Certain Clients may hold non-publicly traded REITs or Limited Partnerships in their portfolios, for which Advisory Representative received a commission. In these situations, the position(s) will be excluded from the calculation of the Advisory fee calculation until the asset either liquidates, merges or goes public. At that time, the position(s) will be included in the fee calculation. Also, most stock positions will be excluded or discounted for fee calculation purposes unless we are offering recommendations on the stock, in which case we will include the fair market value in the calculation of our management fee.

For example:

<u>Accounts under WMG Management</u>	<u>Account Value as of Quarter end date</u>	
TD Ameritrade individual account	\$ 150,000.00	
TD Ameritrade joint account	\$ 400,000.00	
529 Plan, \$100,000 Value	\$ 50,000.00	Half
\$25,000 REIT* on which WMG earned a commission	\$ -	
Aggregate Value of Household	\$ 600,000.00	

\*Non-publically traded REIT is excluded from fee calculation until the asset liquidates, merges or goes public.

In this example, the advisory fee will be based on the household's aggregate portfolio value of all managed accounts - \$600,000. Using the Wealth Management Group Wrap Program Fee Schedule, the annual fee for the first \$250,000 will be at 1.30% and the balance of \$350,000 will be calculated at the annual fee of 1.00%.

Depending upon the circumstances, we may combine client accounts from one household with client accounts from other households to aggregate account values for fee calculations. The annual fee may then be based on an aggregate value of all accounts within the combined households.

If you participate in a wrap fee program, advisory fees will be deducted directly from your account(s) with Schwab or TD Ameritrade, provided you have given WMG written authorization. You will be provided with an account statement reflecting the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, WMG has limited authority to sell or redeem securities in sufficient amounts to pay

## Wealth Management Group, LLC

advisory fees. You may reimburse the account for advisory fees paid to WMG, except for ERISA and IRA accounts.

Any accounts held at other financial institutions that are under WMG's management, the advisory fee will be deducted from a single designated account at Schwab or TD Ameritrade. If you do not have a Schwab or TD Ameritrade Account, WMG will invoice you quarterly in advance.

A wrap fee program offers advisory services and brokerage services for a single fee. The fee may be higher or lower if you were to obtain these services separately. You should read the wrap fee program disclosure brochure (Part 2A Appendix 1) for additional disclosures.

Your assets held at Schwab or TD Ameritrade are eligible for participation in the wrap fee program. As such, you will not pay separate transaction and execution fees or retirement account maintenance fees. However, for assets managed by WMG, not custodied at Schwab or TD Ameritrade (i.e., other financial institutions), you will be subject to such fees if assessed.

In addition to WMG's advisory fee, you should also be aware that the products we utilize within your portfolio will also charge fees (i.e., mutual fund expense ratios). Such fees are not shared with WMG and are compensation to the fund managers.

For additional information, please refer to Item 12 that describes the factors that WMG considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

You may deposit assets into your fee based account on which a commission was previously paid, such as mutual funds on which a sales charge was paid. If such transactions were made through WMG or its Advisory Representative, they may have previously received a commission and they may receive an additional advisory fee based on the fee schedule disclosed above.

As stated above, we will primarily recommend open-ended mutual funds including no-load and load waived or mutual funds purchased at net asset value (NAV). While certain products may pay 12b-1 fees, WMG will not receive these fees. Where applicable and for those accounts under its custody, Schwab or TD Ameritrade will retain the 12b-1 fees.

You may purchase the securities recommended by WMG directly or through other brokers or agents not affiliated with WMG.

## Wealth Management Group, LLC

### Termination Provisions

You may terminate investment advisory services obtained from WMG, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with WMG. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment advisory services with written notice to WMG. Should you terminate investment advisory services during the quarter, you will be issued a pro-rated refund of the prepaid advisory fee from the date of termination to the end of the three-month billing period.

### **Financial and Retirement Planning Services**

Fees for planning services are strictly for planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as insurance.

Fees are negotiable. Your fees will be dependent on several factors including time spent with WMG, number of meetings, complexity of your situation, amount of research, services requested and staff resources.

<b>Fee Type</b>	<b>Maximum Fee</b>	<b>Payable</b>
Fixed Fee	\$1,995 \$1,495 (rate for GE employees)	Fee due at the time of presentation of the plan or as invoiced, unless otherwise negotiated with you.
Hourly Fee	\$395 per hour	Payable as invoiced by WMG as services are rendered.

### Termination Provisions

The advisory agreement is in effect through the delivery of final documentation to you; otherwise, it will remain in effect for a period of one year. You may terminate advisory services obtained from WMG, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with WMG. Thereafter, you may terminate investment advisory services with 30-days written notice to WMG. You will be responsible for any time spent by WMG.

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

WMG does not charge performance-based fees.

**Item 7 - Types of Clients**

WMG's services are geared toward individuals and their families including high net worth individuals, trusts, estates, as well as corporations and other business entities.

WMG generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services. WMG will generally require you to deposit a minimum of \$100,000 (cash or securities). However, under certain circumstances, WMG may waive the minimum account size requirement and accept accounts less than \$100,000. Such circumstances may include but not be limited to additional assets will soon be deposited or you have other accounts under management with WMG. You are advised performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested since fluctuations in the market may have a great affect on a less diversified portfolio.

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

We employ three major strategies when managing client assets:

1. Buy & Hold Strategy
2. Tactical Allocation Strategy
3. Stop-Loss Strategy

**Buy and Hold Strategy**

The majority of your portfolio will be allocated to the Buy & Hold Strategy across the following major asset categories:

Bonds      Domestic Stocks      International Stocks      Alternative Investments

Most of the time, our weightings will remain the same. We will only make adjustments when we feel it is necessary.

## **Wealth Management Group, LLC**

The two primary reasons that we will adjust the Buy & Hold portion of the portfolio would be:

1. To swap one manager with another because of poor relative performance. For example, we might move from one large cap growth fund to another because the new manager ranks higher on the scorecard that we use to rank each manager.
2. Rebalance the portfolio to fine-tune your asset allocation model to ensure we maintain a similar risk profile within the portfolio.

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance.

### **Tactical Allocation Strategy**

We will allocate a portion of your portfolio to our Tactical Allocation Strategy.

Our tactical allocation strategy involves buying certain positions that are experiencing the strongest upward momentum (getting the most attention from investors) and selling them when another position takes the top spot, which we will then rotate into. We subscribe to a service called The Sherman Sheet, which provides us with this data. We will examine the following major asset categories:

- Cash
- Bonds
- Domestic Stocks
- International Stocks
- Real Estate
- Commodities/Natural Resources

We will select the top 3 that are experiencing a strong upward trend. We will only consider those major asset categories that are ranked above cash. If cash is ranked #1, we will allocate the entire tactical allocation strategy to cash. If cash is ranked #2, we will allocate two-thirds of the tactical allocation strategy to cash. If cash is ranked #3, we will allocate one-third of the tactical allocation strategy cash.

Once we select the top 3 major asset categories to use, we will look at the subcategories to identify where we want to build our exposure. For example: if we decide that real estate (major asset category) is highly ranked, then we need to determine whether to invest in domestic or international real estate (subcategories).

Each quarter, we will identify if and/or when we need to rotate into a new product. The goal of this strategy is to take advantage of investor emotions, in particular, greed.

### Stop-Loss Strategy

We subscribe to a service, The Sherman Sheet, that provides us with a weekly report showing us if we are currently in a BULL market (i.e., a good market) or a BEAR market (i.e., a bad market). When entering a BEAR market, we will implement our stop-loss strategy in all client accounts. Our strategy is to reduce your portfolio's risk to minimize losses for the duration of the BEAR market. When we enter a BULL market, it will be business as usual.

In order to minimize losses, we will build exposure within your portfolio to offset the risk within your Buy & Hold Strategy, in particular, the stock exposure. We will use the funds within the Tactical Allocation Strategy, plus some of the funds within your Buy & Hold Strategy, to build exposure to Bear Funds. Bear funds employ techniques that should make money if/when the stock market is going down. These profits should offset most of the losses we would expect to see within the stock exposure of the Buy & Hold Strategy if the market is falling.

There are 3 different types of Bear markets:

1. Secular Bear Market: which usually lasts decades.
2. Cyclical Bear Market: which usually lasts years.
3. Short/Intermediate Bear Market: which usually lasts weeks to months.

We are focusing on Cyclical Bear Markets. An example is the selloff we saw in the years 2000 through 2002 and in 2008.

WMG does not recommend individual stocks. Our primary approach is to hire professional managers through mutual funds, individual account managers, or exchange traded funds.

We use a disciplined process for analyzing investment options and constructing client portfolios. As mentioned under Item 4, Advisory Business, we use five risk profiles ranging from conservative to aggressive. After determining the client's appropriate risk level, we will assign the client to one of five asset allocation model portfolios. Our lower risk level asset allocation models contain a larger percentage of assets that do not correlate with the stock market. Our higher risk level asset allocation models contain a larger percentage of assets that DO correlate with the stock market. In constructing the portfolios, we use Morningstar software to identify if the risk and growth factors are appropriate for each risk level.

## Wealth Management Group, LLC

In determining the composition of investments within each model portfolio, we use a proprietary investment analysis strategy. We take into account the following:

- ✓ Experience of the manager and management team
- ✓ Competitiveness of the expenses charged for managing the fund
- ✓ Performance of the fund during prior market selloffs and rallies
- ✓ Compensation for the risk taken within the fund (i.e., high risk, high reward)
- ✓ Volatility of the fund
- ✓ Consistency of returns by the fund
- ✓ Value added by manager vs. buying cheap index fund.

We weight each of the factors differently within our analysis and use Morningstar and Klein Decisions software to produce a ranked list of investment options. Through this process, we identify funds to use in client portfolios and monitor existing funds in client portfolios. If existing funds receive a poor score, we exchange the fund for another fund that scored better.

WMG adheres to a disciplined monitoring process:

- Weekly screening for any necessary rebalancing trades
- Monthly cash management screening to ensure clients who have periodic draws from their accounts to supplement income needs run smoothly
- Quarterly monitoring of fund performance to ensure fund managers are still competitive based on our proprietary screening process
- Annual analysis of tax management strategies to help limit tax liabilities for clients.

WMG does not represent, warrant or imply that the services or methods of analysis used by WMG can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by WMG will provide a better return than other investment strategies.

As stated above, WMG primarily uses mutual funds. The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day.

Investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by WMG will require you to prepare to bear the risk of loss and fluctuating performance.



**Item 9 - Disciplinary Information**

There is no reportable disciplinary information required for WMG or its Advisory Representatives.

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

Advisory Representatives are licensed with various insurance companies. The insurance business is not a significant business to the Advisory Representatives and they do not concentrate resources toward the business. However, it is important to know that if Advisory Representatives recommend insurance products and if you purchase insurance products through them, they will earn commissions. This represents a conflict of interest in that the Advisory Representative recommends the insurance product and compensation is received by the Advisory Representative.

WMG attempts to mitigate the conflict of interest with the potential receipt of commission by disclosing this conflict to you and by informing you that you are under no obligation to purchase insurance products or services through our Advisory Representatives. You may implement recommendations through other insurance agents.

**Item 11 - Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

**CODE OF ETHICS**

WMG has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. WMG takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as WMG's policies and procedures. Further, WMG strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with WMG's Privacy Policy. As such, WMG maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your

## **Wealth Management Group, LLC**

transactions. Further, WMG's Code of Ethics establishes WMG's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

Neither WMG nor its associate persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.

WMG and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, WMG and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. WMG and its associated persons will not put their interests before your interest. WMG and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.

WMG is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. WMG and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

### **Item 12 - Brokerage Practices**

As previously stated, WMG has entered into a relationship to offer you brokerage and custodial services through the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab") and TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"). WMG is independently owned and operated and not affiliated with Schwab or TD Ameritrade.

Not all investment advisers require you to maintain accounts at a specific broker-dealer. You may maintain accounts at another broker-dealer. However, the services provided by WMG will be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services, you will not be able to receive the wrap fee asset management services from WMG.

When first selecting Schwab and TD Ameritrade, WMG conducted due diligence. We examined their ability to service you, staying power as a company, industry reputation,

## Wealth Management Group, LLC

reporting ability, trading platform, products and services available, technology resources, and educational resources.

Periodically, we will review alternative broker-dealers and custodians in the marketplace to ensure Schwab and TD Ameritrade and their custodians are meeting WMG's duty to provide best execution for your accounts. Best execution does not simply mean the lowest transaction cost. When examining firms, we will compare overall expertise, cost competitiveness and financial condition. The quality of execution by Schwab and TD Ameritrade will be reviewed through trade journal evaluations. No single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

Additionally, product sponsors such as variable and investment companies and limited partnerships which are recommended to you may provide support to WMG and our Advisory Representatives. Such support includes research, educational information, and monetary support for due diligence trips and client events.

There is an incentive for WMG and your Advisory Representative to recommend one broker-dealer over another based on the products and services that we will receive rather than your best interest.

### **The Custodian and Brokers We Use**

WMG does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see *Item 15 – Custody*, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, or TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab or TD Ameritrade. Schwab or TD Ameritrade will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab or TD Ameritrade as custodian/broker, you will decide whether to do so and will open your account with Schwab or TD Ameritrade by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab or TD Ameritrade, then you will not be able to receive the wrap fee asset management services from WMG.

Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the Adviser. Even though your account is maintained at Schwab or TD Ameritrade, we can still use other brokers to execute trades for your account.

### **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see *"Products and Services Available to Us From Schwab"*)

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage— trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

**Services That Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

#### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in

## **Wealth Management Group, LLC**

the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see *"How We Select Brokers/Custodians"*) and not Schwab's services that benefit only us.

### **Trade Error Policy**

From time-to-time we may make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

### **TD Ameritrade**

WMG participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. WMG receives some benefits from TD Ameritrade through its participation in the program.

As disclosed above, WMG participates in TD Ameritrade's Institutional customer program and 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 its 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): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client 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

## Wealth Management Group, LLC

business consulting and professional services received by our related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for our personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering 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 our business enterprise. The benefits received by WMG or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. You should be aware, however, that the receipt of economic benefits by WMG or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

We also receive from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include: Junxure CRM Software, Morningstar Principia CAMS, Morningstar downloading/reconciliation services, Morningstar CAMS Broker Dealer Reconciliation, Morningstar Workstation, Klein Decisions Products Analysis, By All Accounts, Sherman Sheet, Moneytree Software, and Redblack Rebalancing Software. Eligible products include research, portfolio management software, trade order management programs and other products that Adviser utilizes to make investment decisions on behalf of clients. TD Ameritrade provides the Additional Services to Adviser in its sole discretion and at its own expense, and WMG does not pay any fees to TD Ameritrade for the Additional Services. WMG and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Our receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to us, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with us, in its sole discretion, provided certain conditions are not met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to its clients that assets under management by WMG be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Our receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including to seek best execution of trades for client accounts.

## Wealth Management Group, LLC

As stated previously, certain products that we recommend may pay 12b-1 fees. Where applicable and for those accounts under its custody, Schwab or TD Ameritrade will retain the 12b-1 fees. WMG will not receive these fees.

In an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients, WMG may use block trades when placing trades for multiple clients that involve the same security. We conduct aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rata to the participating client accounts in proportion to the size of the orders placed for each account. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

When dealing with a thinly traded security, we reserve the right to send blocks of clients (at random) to the Schwab or TD Ameritrade Trading Department. We do this to reduce trading fees since partial fills allocated among client accounts require another set of trading fees if orders are not all filled in the same trading day. This situation rarely occurs, but when it does, it is worked on in conjunction with the Schwab or TD Ameritrade Trading Department and WMG's Chief Compliance Officer.

### Item 13 - Review of Accounts

#### Asset Management Services

You must notify WMG promptly of any changes to your financial goals, objectives or financial situation. Your Advisory Representative will review the potfolio allocation and determine recommendations for changes.

The frequency of client meetings are based on the value of the assets under management by WMG. Advisory Representatives will offer review appointments based on the following schedule:

Account Size	Annual Client Meetings
\$0 - \$250,000	1 Portfolio Review
\$250,001 - \$1,000,000	2 Portfolio Reviews
\$1,000,001 +	4 Portfolio Reviews

You may request more or less frequent meetings based on your specific needs.



## Wealth Management Group, LLC

WMG will provide you with a written or electronic quarterly report which includes performance, current holdings, current asset allocation and an invoice for WMG's management fee. The invoice will specify the advisory fee, the value of the account and the period rate upon which the fee was calculated.

You will also receive monthly or quarterly statements directly from the account custodian. Additionally, the custodian will provide you with trade confirmations of all transactions occurring in your account.

### **Financial Planning and Retirement Planning Services**

Clients participating in Financial and Retirement Planning Services will not receive regular reviews or reports other than the initial plan or analysis. WMG recommends that you have your plan reviewed and updated at least annually, or sooner if changes dictate. However, you will decide on the time and frequency of any further review. To obtain additional services, you will be required to re-contract with us based on the fee schedule disclosed under the program.

<b>Item 14 - Client Referrals and Other Compensation</b>
--

Product vendors recommended by WMG may provide monetary and non-monetary assistance with client events and provide educational tools and resources. WMG does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. WMG's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you and WMG.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We may enter into arrangements with individuals called solicitors. The solicitor will refer clients who may be a candidate for our investment advisory services. In return, we will agree to compensate the solicitor for the referral. Compensation to the solicitor is dependent upon the client entering into an advisory agreement with WMG for advisory services. The solicitor will be compensated by a percentage of our advisory fee or a flat fee as agreed upon between WMG and the solicitor. Our referral program is in compliance with the federal regulations as set out in 17 CFR section 275.206(4)-3. The

## **Wealth Management Group, LLC**

solicitation/referral fee is paid pursuant to a written agreement entered into between WMG and the solicitor. The solicitor will be required to provide the client with a copy of our disclosure brochure, Form ADV Part 2, and a Solicitor Disclosure brochure at the time of referring a client to WMG. The solicitor is not permitted to offer the client any investment advice on our behalf. Clients' advisory fees will not be increased as a result of compensation being shared with Solicitor.

### **Item 15 - Custody**

With the exception of deduction of WMG's advisory fees from your accounts, WMG does not have custody of your funds or securities.

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab or TD Ameritrade to deduct our advisory fees directly from your account. However, your custodian, Schwab or TD Ameritrade, maintains the actual custody of your assets. You will receive account statements directly from Schwab or TD Ameritrade at least quarterly. They will be sent to the email or postal mailing address you provided to them. You should carefully review those statements promptly when you receive them. We also urge you to compare the account statements from Schwab or TD Ameritrade with the quarterly portfolio reports you will receive from us.

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

By execution of our advisory agreement, you will grant WMG authorization to manage your account on a discretionary basis. We will have the authority to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of the securities to be bought or sold. You may terminate discretionary authorization at any time upon receipt of written notice by WMG.

Discretionary trading authority facilitates placing trades in client accounts so that we may promptly implement the investment policy that clients have approved in writing. A limited power of attorney is a trading authorization for this purpose. Clients sign a limited power of attorney so that we may execute trades, subject to the limitations of the agreement.

In all cases, such discretion is exercised in a manner consistent with your Investment Policy Statement which specifies your investment objectives, goals, and asset allocation

## **Wealth Management Group, LLC**

for the account. Investment guidelines and restrictions must be provided to WMG in writing.

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

WMG does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact your Advisory Representative about questions you may have and opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

### **Item 18 - Financial Information**

WMG will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.

WMG is financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.

WMG has not been the subject of a bankruptcy petition.

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

This section is not applicable to WMG. WMG is not state registered. WMG is registered with the Securities and Exchange Commission.