

## Item 1: Cover Page

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# **Carr Financial Group Corporation**

## **Form ADV Part 2A**

### **Investment Adviser Brochure**

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<https://www.carrfinancial.com>

October 2023

This Brochure provides information about the qualifications and business practices of Carr Financial Group Corporation (“we”, “us”, “our”). If you have any questions about the contents of this Brochure, please contact Benjamin Cauley, Chief Compliance Officer and Financial Planner, at (508) 795-0264 or [ben@carrfinancial.com](mailto:ben@carrfinancial.com)

Additional information about our Firm is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 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.

We are a registered investment adviser. Please note that use of the term “registered investment advisor” and a description of the Firm and/or our employees as “registered” does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## Item 2. Material Changes

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In this Item of Carr Financial Group Corporation's (the "Firm," "we," "us," "ours") Form ADV 2, we are required to discuss any material changes that have been made to Form ADV since the last Annual Amendment.

### **Material Changes since the Last Update**

Since the last Annual Amendment filing on March 8, 2023, the Firm has the following Material Changes to report:

- This Form was updated to reflect addition of new shareholders. Please see Item 4 (Advisory Business).
- This Form was updated to clarify that we do not vote proxies on behalf of clients. Please see Item 17 (Voting Client Securities)

### **Annual Update**

You will receive a summary of any material changes to our Form ADV brochure within 120 days of our fiscal year end. We may also provide updated disclosure information about material changes on a more frequent basis. Any summaries of changes will include the date of the last annual update of the ADV.

The Supplement to our Form ADV Brochure (Form ADV Part 2B) provides you with information regarding our employees that provide investment advice.

### **Full Brochure Available**

Our Form ADV may be requested at any time, without charge by contacting Benjamin W. Cauley, Chief Compliance Officer, at (508) 795-0264 or [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Additional information about the Firm is also available via the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any employees affiliated with the Firm who are registered as investment adviser representatives.

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## Item 4. Advisory Business

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### **Firm Information**

This Disclosure Brochure ("Form ADV Part 2") provides information regarding the qualifications, business practices, and the advisory services provided by Carr Financial Group Corporation's (the "Firm," "we," "us," "ours").

We are a federally Registered Investment Adviser with the U.S. Securities and Exchange Commission ("SEC"). We were founded in 2022 and are owned by Richard M. Carr Benjamin W. Cauley and Andrea L. Lucey.

We provide investment advisory services to individuals, trusts, estates, charitable organizations, corporations and other business entities, pension and profit-sharing plans. Our investment advisory services include financial planning, wealth management, consulting, family office services, and a selection of other services.

### **Types of Advisory Services**

#### ***Financial Planning***

We offer financial planning services, which may include a review of all aspects of a client's current financial situation, including the following components: cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital needs planning. Clients understand that when engaged to address only certain components, the client's overall financial and investment issues may not be taken into consideration.

We meet with the client to review risk tolerance, financial goals and objectives, and time horizons. Additional meetings may include a review of additional financial information; sources of income, assets owned, existing insurance, liabilities, wills, trusts, business agreements, tax returns, investments, and personal and family obligations.

The financial plan may include both long and short-term considerations, depending upon the individual scenario. Upon completion a plan is presented to the client and the client is provided with recommendations that are deemed to be compatible with the client's stated goals and objectives. The client is under no obligation to utilize the Firm to implement the advice or plan. Clients may choose all or certain components of advice and recommendations and can implement the recommendations through the service providers of their choice.

#### ***Wealth Management Services***

We provide clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

We allocate client assets among investments in accordance with the client's stated investment

objectives. The Firm primarily allocates client assets in mutual funds, exchange-traded funds (“ETFs”). For certain clients, the Firm further allocates among individual debt and equity securities, options, real estate investment trusts (“REITs”) and independent investment managers (“Independent Managers”).

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. Clients can engage the Firm to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer-sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, we direct or recommend the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

### ***Retirement Plan Consulting Services***

We provide various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

### ***Family Office Services***

We provide family office services through the business name of Lucey Advisory Group. The family office services are separately negotiated and can include the following, among other services:

- Personal and business bill paying and record keeping.
- Reconciling accounts, credit card transactions and other financial activity.
- Reviewing and summarizing vendor contracts (HR service provider, insurance, etc.)
- Handling property and casualty insurance applications, premium payments, etc.
- Maintaining corporate records including annual meeting minutes and agendas.
- Producing financial reports for clients, CPAs and bookkeeper review.
- Household employee payroll coordination using 3<sup>rd</sup> party payroll provider.

### ***Use of Independent Managers***

As mentioned above, we select certain Independent Managers to actively manage a portion of client assets. The Firm does not anticipate utilizing Independent Managers frequently. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement with the designated Independent Manager. That agreement can be between the Firm and the Independent Manager (often called a subadvisor) or the client and the Independent Manager (sometimes called a separate account manager). In addition to this brochure, clients will typically also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

We evaluate a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. The Firm also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

We continue to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. We seek to ensure the Independent Managers' strategies and target allocations remain aligned with our clients' investment objectives and overall best interests.

### **Fiduciary Statement**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act, ("ERISA") and/or the Internal Revenue Code, ("IRC"), as applicable, which are laws governing retirement accounts.

We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. We must take into consideration each client's objectives and act in the best interests of the client. We are prohibited from engaging in any activity that is in conflict with the interests of the client. We have the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances, and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;

- To have a reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

Regulations prohibit us from:

- Employing any device, scheme, or artifice to defraud a client;
- Making any untrue statement of a material fact to a client or omitting to state a material fact when communicating with a client;
- Engaging in any act, practice, or course of business which operates or would operate as fraud or deceit upon a client; or
- Engaging in any manipulative act or practice with a client.

We will act with competence, dignity, integrity, and in an ethical manner, when working with clients. We will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

#### **Tailored Relationships**

We tailor advisory services to the individual needs of the client. Clients may place reasonable investment restrictions on their portfolios, including bans on investing in particular industries, and investing in limited amounts of securities. All limitations and restrictions placed on accounts must be presented to us in writing.

#### **Assets Under Management**

As of January 19, 2023, we managed \$466,935,784 in client assets; \$463,249,484 managed on a discretionary basis, and \$3,686,300 on a non-discretionary basis.

## Item 5. Fees and Compensation

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We base our fees on fixed fees, and a percentage of assets under management which are described below.

### **Financial Planning and Consulting Fees**

We charge a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but range from \$1,000 to \$10,000, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. The fee can be for a defined project, such as the delivery of a plan, or for ongoing services. If the client engages the Firm for additional investment advisory services, we can offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

For project-based services we require one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is due upon delivery of the financial plan or completion of the agreed upon services.

### **Wealth Management Fees**

We offer wealth management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies up to 200 basis points (2.00%), depending upon the size and composition of a client's portfolio, the type and amount of services rendered and the individual(s) providing the services. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by us on the last day of the previous quarter as determined by a party independent from the Firm (including the client's custodian or another third-party).

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), we can negotiate a fee rate that differs from the range set forth above. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage us for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.



### **Retirement Plan Consulting Fees**

We charge a fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered, and range up to \$10,000 per annum on a fixed fee basis or up to 100 basis points (1.00%), depending upon services provided and the amount of assets to be advised on.

### **Family Office Fees**

Lucey Advisory Group charges a fixed fee for providing family office services under a stand-alone engagement. These fees are negotiable but range up to \$12,000 per month (charged in advance), depending upon the scope and complexity of the services and the professional rendering the services.

### **Use of Margin**

We can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. We do not recommend such borrowing for leverage. The borrowing is generally used for other borrowing needs, such as bridge loans and other financing needs, or in order to utilize options. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

### **Other Compensation**

Neither we nor any of our supervised persons (employees) accept compensation for the sale of securities. As disclosed in Item 10, certain IAR's receive insurance-related compensation, including compensation for the sale of fixed and equity indexed annuities, which are not securities.

### **Agreement Terms**

Either party may terminate an agreement at any time by notifying the other in writing. If the client made an advance payment, we would refund any unearned portion of the advance payment. If the client made a payment in arrears, we would collect any earned yet unpaid fees.

### **Cash Balances**

Some of your assets may be held as cash and remain uninvested. Holding a portion of your assets in cash and cash alternatives, i.e., money market fund shares, may be based on your desire to have an allocation to cash as an asset class, to support a phased market entrance strategy, to facilitate transaction execution, to have available funds for withdrawal needs or to pay fees or to provide for asset protection during periods of volatile market conditions. Your cash and cash equivalents will be subject to our investment advisory fees unless otherwise agreed upon. You may experience negative performance on the cash portion of your portfolio if the investment advisory fees charged are higher than the returns you receive from your cash.

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## **Retirement Plan Rollover Recommendations**

As part of our investment advisory services to our clients, we may recommend that clients roll assets from their employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will advise on the client's behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts.

If the client elects to roll the assets to an IRA that is subject to our advisement, we will charge the client an asset-based fee as set forth in the advisory agreement the client executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to the client (i.e., receipt of additional fee-based compensation). Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if clients do complete the rollover, clients are under no obligation to have the assets in an IRA advised on by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in our clients' best interests and not put our interests ahead of our clients'.

Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of our clients' when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in our clients' best interests;
- charge no more than a reasonable fee for our services; and
- give clients basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of a rollover. Note that an employee will typically have four options in this situation:

1. leaving the funds in the employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide clients with

an explanation of the advantages and disadvantages of both account types and document the basis for our belief that the rollover transaction we recommend is in your best interests.

### **General Information on Compensation and Other Fees**

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low-cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial 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 our fees, and we shall not receive any portion of these commissions, fees, and costs.

All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund directly, without our services. In that case, the client would not receive our services, which are designed, among other things, to assist the client in determining which mutual funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

### **Mutual Fund Share Class Selection**

If we recommend a mutual fund investment to a client, we will always purchase, or recommend that the client purchase the class of shares in such fund with the lowest overall amount of associated fees and expenses. These include management fees, distribution and service (12b-1)

fees, acquired fund fees and expenses, total annual fund operating expenses, and all other fees and expenses allocable to such share class available for purchase by the client or by us on behalf of the client through the client's broker-dealer/custodian. In some cases, such clients may be invested in a higher-cost share class of a mutual fund where there were, or may now be, lower-cost share classes of the same fund for which clients may be eligible to purchase through a broker-dealer/custodian other than the one the client has chosen. Such clients will pay a higher amount of fees and expenses relating to their investment in any such mutual fund than if they were instead invested in a lower-cost share class of the same fund in which such client would otherwise be eligible to invest.

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## **Item 6. Performance-Based Fees and Side-by-Side Management**

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We do not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

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## Item 7. Types of Clients

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We offer services to individuals, trusts, estates, charitable organizations, corporations and other business entities, pension and profit-sharing plans.

### **Account Minimums**

We have no minimum account size.

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

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### **Methods of Analysis**

We utilize a combination of fundamental, technical, cyclical and behavioral finance methods of analysis while employing an asset allocation strategy based on a derivative of Modern Portfolio Theory (“MPT”).

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For us, this process typically involves an analysis of an issuer’s management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm’s model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical-based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that we will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that we are recommending. The risks with cyclical analysis are similar to those of technical analysis.

Behavioral finance analysis involves an examination of conventional economics as well as behavioral and cognitive psychological factors. Behavioral finance methodology seeks to combine a qualitative and quantitative approach to provide explanations for why individuals may, at times, make irrational financial decisions. Where conventional financial theories have failed to explain certain patterns, the behavioral finance methodology investigates the underlying reasons and biases that cause some people to behave against their best interests. The risks relating to behavior finance analysis are that it relies on spotting trends in human behavior that may not predict future trends.

Modern Portfolio Theory (“MPT”) is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual

market conditions. As such, the factors for which MPT does not account (*e.g.*, tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nevertheless, our investment process is structured in such a way to integrate those assumptions and real-life considerations for which MPT analytics do not account.

### **Investment Strategies**

The implementation of our various investment strategies begins with a detailed analysis of the client's circumstances. We take the time to understand the client's financial goals and investment objectives, financial position and balance sheet composition, cash flow needs, risk tolerance, and other important factors. After developing a thorough understanding of the client's position and goals, we recommend customized portfolio solutions in an effort to meet or exceed investment objectives while maintaining an appropriate level of risk.

We primarily utilize Mutual Funds and Exchange Traded Funds to create core strategic models for our clients. The process for constructing these core models is rigorous, as funds and ETFs are screened based on a host of factors, including, but not limited to – expense ratios, fund company reputation, manager tenure, performance history, fund manager level of investment in their strategies, and active share. We monitor fund and ETF positions by reviewing independent research reports. The firm also conducts meetings with representatives from Fund and ETF providers to ensure their fund composition is aligned with our expectations. Our Mutual Fund and ETF allocation models are rebalanced periodically if there is material portfolio drift. Each model allocation has target risk ranges that can vary slightly depending on our market sentiment and is adjusted accordingly.

The Firm, in some situations, will incorporate individual stocks, bonds, Real Estate Investment Trusts ("REITs") and other investment vehicles to complement its core Mutual Fund / ETF allocations. We implement various stock strategies to help refine the exposure based on the client's investment objectives and risk tolerance. When recommending multiple investment strategies to the client, the aggregate allocation is reviewed for proper asset allocation and diversification before implementation.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear.

**All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Although we manage assets in a manner consistent with your investment objectives and risk tolerance, there can be no guarantee that our efforts will be successful. You should be prepared to bear the following risks of loss:**



- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties (i.e., Non-traded REITs and other alternative investments) are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.
- **Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.
- **Custodial Risk:** This risk is the probability that a party to a transaction will be unable or unwilling to fulfill its contractual obligations either due to technological errors, control failures, malfeasance, or potential regulatory liabilities.

## Item 9. Disciplinary Information

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We are required to disclose all pertinent facts regarding any legal, regulatory or disciplinary events that would be material to your evaluation of the Firm or the integrity of our management.

There have never been any legal, regulatory or disciplinary actions against the Firm or our management persons.

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## Item 10. Other Financial Industry Activities and Affiliations

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### **Financial Industry Activities**

We are not registered as a broker-dealer, and none of our management persons are registered representatives of a broker-dealer. We are not registered and do not have an application pending as a securities broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor.

We do not have arrangements that are material to our business and clients and investors with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser, futures commission merchant, bank or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited liability companies.

### **Insurance Company or Agency**

Investment Adviser Representatives may be licensed insurance agents or brokers and may be appointed with several insurance companies. They may earn separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any company for insurance product purchases and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from our investment advisory fees.

## Item 11. Code of Ethics

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### **Code of Ethics**

Our employees must comply with a Code of Ethics and Statement for Insider Trading (the “Code”). The Code describes our high standard of business conduct, and fiduciary duty to our clients. The Code’s key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Our employees must acknowledge the terms of the Code at least annually, and any employee not in compliance with the Code may be subject to termination.

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

Both the Firm and our employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of the Firm will not interfere with (i) making decisions in the best interest of clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code requires pre-clearance of many transactions. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. The Firm may maintain a list of restricted securities that employees may not purchase or sell based upon having (or possibly having) access to inside information. Employee trading is continually monitored under the Code and designed to reasonably prevent conflicts of interest between the Firm and our clients.

### **Participation or Interest in Client Transactions and Principal/Agency Cross Trades**

We do not recommend any securities to our clients in which we have a material financial interest. We do not affect any principal or agency cross securities transactions for client accounts. We also do not cross trades between client accounts.

### **Participation or Interest in Client Transactions – Aggregation**

Both the Firm and our employees may invest in the same securities at the same time as the securities we recommend to our clients. Since we are not a market maker for any security, we do not consider this practice to conflict with the interests of our clients.

## Item 12. Brokerage Practices

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### **Research and Other Soft Dollar Benefits**

We do not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Brokerage – Other Economic Benefits”.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker/dealers.

### **Directed Brokerage**

While not routine, the client may direct us to use a particular broker-dealer to execute some or all transactions for the client. This brokerage direction must be requested by the client in writing. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by us. By directing brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Not all advisers require or allow their clients to direct brokerage. Subject to our duty of best execution, we may decline a client’s request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

If the client requests us to arrange for the execution of securities brokerage transactions for the client’s account, we shall direct such transactions through broker-dealers that we reasonably believe will provide best execution. We shall periodically and systematically review our policies and procedures regarding recommending broker-dealers to our client in light of our duty to obtain best execution.

### **Directed Brokerage (Schwab)**

We shall generally recommend that portfolio management clients establish brokerage accounts with Charles Schwab & Co, Inc., a registered broker-dealer, member FINRA/SIPC, to maintain custody of clients’ assets and to effect trades for their accounts.

We are independently owned and operated and not affiliated with Schwab. Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis **and are not otherwise contingent upon our commitment to Schwab for any specific amount of business** (assets in custody or trading).

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other

transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

**Directed Brokerage – Other Economic Benefits (Schwab)**

We may receive from Schwab, at no cost to us, professional services, computer software and related systems support, enabling us to better monitor client accounts maintained at Schwab. We may receive this support without cost because of the portfolio management services rendered to clients that maintain assets at Schwab. The support provided may benefit us, but not our clients directly. In fulfilling our duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that our receipt of economic benefits from a broker-dealer may create a conflict of interest since these benefits may influence our choice of broker-dealer over another broker-dealer that does not furnish similar services, software and systems support.

The commissions paid by our clients shall comply with our duty to obtain “best execution.” However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients’ accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other of these products and services assist us in managing and administering clients’ accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm’s fees from its clients’ accounts, and assist with back-office training and support functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or some substantial number of the Firm’s accounts, including accounts not maintained at Schwab. Schwab also makes available to us other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types

of services rendered to the Firm by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, we endeavor to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

### **Trade Aggregation**

Transactions for each client will be effected independently unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's client's differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among our clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which our Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. We do not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

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### **Account Reviews**

We monitor client portfolios on a continuous and ongoing basis and regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's Principal and/or investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with us and to keep the Firm informed of any changes thereto.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from us and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from us or an outside service provider.



## Item 14. Client Referrals and Other Compensation

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### **Other Compensation**

The Firm receives economic benefits from Schwab. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

### **Compensation – Client Referrals**

Affiliated and Unaffiliated persons or entities (“Promoters”) may occasionally refer, solicit, or introduce clients to our Firm. In return, we may agree to compensate the Promoter for the referral. This compensation will be made consistent with the requirements of the Investment Advisers Act of 1940 and applicable state/local laws and regulations. Compensation to the Promoter is dependent on the prospective client entering into an advisory agreement with us for advisory services. Compensation to the Promoter will be an agreed-upon percentage of our advisory fee which can be a one-time fee or recurring, pursuant to a written agreement retained by both our Firm and the Promoter.

## Item 15. Custody

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### **Custody – Fee Debiting**

Clients may authorize us (in the client agreement) to debit fees directly from their account at the broker dealer, bank or other qualified custodian (“custodian”). The custodian is advised in writing of the limitation of our access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to the Firm.

### **Custody – Check Signing/Bill Payments**

We are deemed to have custody over certain client assets as the Firm or a related person has check signing (i.e., authority to pay bills) authority over client accounts. This form of custody is offered on a limited basis through certain family office services. We comply with the SEC’s Custody Rule with regard to the check signing authority; annually the Firm is subject to a Surprise Examination by an independent accountant.

### **Custody – Third Party Money Transfers**

Clients may provide us with a standing letter of authorization (or similar asset transfer authorization) which allows us to disburse funds on behalf of clients to third parties. We ensure the following conditions are in place when deemed to have custody via third party money movement:

1. The client provides a Written Authorization to the custodian that includes all appropriate information as to how the transfer should be directed;
2. The Written Authorization includes instruction to direct transfers to the third party either on a specified schedule or from time to time;
3. Appropriate verification is performed by the custodian, along with a transfer of funds notice to the client promptly after each transfer;
4. The client may terminate or change the instruction to the custodian;
5. We have no authority or ability to designate or change any information about the third party contained in the instruction;
6. We maintain records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and
7. The custodian sends the client a written initial notice confirming the instruction and an annual written confirmation thereafter.

### **Custody – Account Statements**

Clients receive at least quarterly statements from the custodian that holds and maintains client’s investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the reports that we provide. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16. Investment Discretion

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We may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows us to execute trades on behalf of clients. When such limited powers exist between the Firm and the client, we have the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. We also have discretion over the Independent Managers to be hired or fired.

If we have not been given discretionary authority, we consult with the client prior to each trade.

DRAFT

## Item 17. Voting Client Securities

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### **Proxy Voting**

We do not have any authority to and do not vote proxies on behalf of clients, nor do we make any express or implied recommendation with respect to voting proxies. Clients retain the sole responsibility for receiving and voting proxies that they receive directly from either their custodian or transfer agents. Clients may contact us for information about proxy voting.

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## Item 18. Financial Information

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We have no financial commitments that impair our ability to meet contractual and fiduciary commitments to clients and we have not been the subject of a bankruptcy proceeding.

We do not require prepayment of fees of both more than \$1,200 per client, and more than six months in advance; and therefore, we not required to provide a balance sheet to clients.

We have not ever filed a bankruptcy petition.

DRAFT

**Carr Financial Group Corporation**  
**Form ADV Part 2B**  
**Investment Adviser Brochure Supplement**

20 Park Ave  
Worcester, MA 01605  
(508) 795 – 0264  
[www.carrfinancial.com](http://www.carrfinancial.com)

October 2023

This Brochure Supplement provides information about the Firm's ("we", "us", "our") employees that supplements our Brochure. You should have received a copy of that Brochure. Please contact Benjamin Cauley, Chief Compliance Officer and Financial Planner, at (508) 795 -0264 or [ben@carrfinancial.com](mailto:ben@carrfinancial.com) if you did not receive our Brochure or if you have any questions about the contents of this Supplement.

Additional information about our employee(s) referenced above is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each employee.

## Item 2: Educational Background and Business Experience

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### **Education and Business Background**

We generally require that employees involved in making investment decisions and providing investment advice have a college degree and/or significant experience in the investment management or financial services industries.

### **Supervised Persons**

***Richard M Carr***

CRD #: 2079826

Born 1967

### **Business Background:**

Carr Financial Group

2022 to Present

President and Investment Advisor Representative

LPL Financial LLC

2012 to 2022

Registered Representative

Private Advisor Group, LLC

2012 to 2022

Investment Advisor Representative

Lucey Advisory Group

2017 to 2021

Sole Proprietor

Richard Carr & Associates Financial Services

1993 to 2012

Registered Representative

### **Formal Education after High School:**

Holy Cross University

Bachelor of Science in Economics

The American College

Masters in Financial Planning

### **Professional Designations:**

Certified Financial Planner (CFP)

Chartered Financial Consultant (CHFC)

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***Christopher P. Carelli***

Born 1970

CRD #: 4778492

**Business Background:**

Carr Financial Group 2022 to Present  
Investment Advisor Representative

LPL Financial LLC 2013 to 2022  
Registered Representative

Private Advisor Group, LLC 2013 to 2022  
Investment Advisor Representative

NYLIFE Securities 2005 to 2013  
Agent

New York Life Insurance 2005 to 2013  
Agent

**Formal Education after High School:**

Worcester State University  
Bachelor of Business Administration

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***Benjamin W. Cauley***

Born 1989

**CRD#: 6590090**

**Business Background:**

Carr Financial Group 2022 to Present  
Chief Compliance Officer and Investment Advisor Representative

Private Advisor Group, LLC 2016 to 2022  
Investment Advisor Representative

LPL Financial LLC 2015 to 2022  
Registered Representative

The Hanover Insurance Group 2015 to 2015  
Financial Analyst

Fidelity Investments 2012 to 2015  
Accounting Analyst

**Formal Education after High School:**

Bentley University  
Bachelor of Science in Accounting



**Professional Designations:**

Certified Financial Planner (CFP)

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**Andrea L. Lucey**

Born 1982

**CRD #: 4828297**

**Business Background:**

Carr Financial Group

2004 to Present

Financial Planning Coordinator

**Formal Education after High School:**

University of Rhode Island

Bachelor of Science in Business

Bentley University

Master's in Finance

**Professional Designations:**

Certified Financial Planner (CFP)

Chartered Financial Consultant (CHFC)

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**Spencer M. Lyons**

Born 1993

**CRD #: 6734715**

**Business Background:**

Carr Financial Group

2021 to Present

Financial Planner

**Formal Education after High School:**

Fairfield University

Bachelor of Science in Finance

Southern New Hampshire University

Master's in Finance

**Professional Designations:**

Certified Financial Planner (CFP)

Chartered Retirement Planning Counselor (CRPC)

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**Professional Certifications**

Our employees maintain professional designations, which required the following minimum requirements:

### **CERTIFIED FINANCIAL PLANNER™ (CFP®)**

<b>Issued By</b>	<a href="#">Certified Financial Planner Board of Standards, Inc.</a>
	Candidate must meet the following requirements:
<b>Prerequisites</b>	<ul style="list-style-type: none"><li>• A bachelor's degree (or higher) from an accredited college or university, and</li><li>• 3 years of full-time personal financial planning experience</li></ul>
<b>Education Requirements</b>	Candidate must complete a CFP®-board registered program, or hold one of the following: <ul style="list-style-type: none"><li>• CPA</li><li>• ChFC</li><li>• Chartered Life Underwriter (CLU)</li><li>• CFA</li><li>• Ph.D. in business or economics</li><li>• Doctor of Business Administration</li><li>• Attorney's License</li></ul>
<b>Exam Type</b>	CFP® Certification Examination
<b>Continuing Education Requirements</b>	30 hours every 2 years

### **Chartered Financial Consultant (ChFC)**

<b>Issued By</b>	<a href="#">The American College</a>
	Candidate must meet the following requirements:
<b>Prerequisites</b>	<ul style="list-style-type: none"><li>• 3 years of full-time business experience within the five years preceding the awarding of the designation</li></ul>
<b>Education Requirements</b>	6 core and 2 elective courses
<b>Exam Type</b>	Final proctored exam for each course
<b>Continuing Education Requirements</b>	30 CE credits every 2 years

### **Chartered Retirement Planning Counselor<sup>SM</sup> (CRPC®)**

<b>Issued By</b>	College for Financial Planning
<b>Prerequisites</b>	None
<b>Education Requirements</b>	Candidate must complete the <a href="#">online</a> instructor led or self-study course
<b>Exam Type</b>	Final designation exam (online, timed)
<b>Continuing Education Requirements</b>	16 hours every 2 years

## **Item 3: Disciplinary Information**

### Disciplinary Information

Neither we nor any of the nor any employees named in this Form ADV Part 2B have been involved in any activities resulting in a disciplinary disclosure.

#### **Item 4: Other Business Activities**

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Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations above.

Christopher P. Carelli, Spencer M. Lyons, Benjamin W. Cauley, and Richard M Carr are licensed insurance agents through numerous insurance companies. In such a capacity, they may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that they recommend the purchase of an insurance product which results in a commission being paid to them as an insurance agent.

#### **Item 5: Additional Compensation**

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No Supervised Person receives any economic benefit outside of regular salaries or bonuses related to amount of sales, client referrals or new accounts.

#### **Item 6: Supervision**

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Richard Carr, President and Benjamin W. Cauley, Chief Compliance Officer, supervises all persons named in this Form ADV Part 2B Investment Adviser Brochure Supplement. Mr. Carr and Mr. Cauley supervise these persons by holding regular staff, investment, and other ad hoc meetings. In addition, Mr. Carr and Mr. Cauley regularly review client reports, emails, and trading, as well as employees' personal securities transaction and holdings reports. Mr. Carr and Mr. Cauley may be reached at (508) 795 - 0264.