



## FOUNDATIONAL CONSULTING AGREEMENT

We appreciate the opportunity to provide you with financial consulting services and we look forward to being of assistance. This Agreement is entered into by **Pathways Advisory Group, Inc.** and \_\_\_\_\_ ("Client"). In consideration of the mutual benefits to be derived from this Agreement, it is understood and agreed as follows:

### DESCRIPTION:

The Foundational Consulting Service is designed for clients with modest investable assets, but with sufficient income to save at a substantial pace. This is a 3-year program with a fixed monthly fee the first year which increases in stages the second and third years. After the third year, you will transition to the Financial Consulting Agreement.

During the first year, we explore a number of financial areas, including cash flow management, prudent debt management, and appropriate savings vehicles. We place an emphasis on a financial projection around your goals and constructing an accumulation plan. In later years, we fine tune the investment plan and explore insurance and estate planning issues, as needed.

Many investment firms work only with clients that have accumulated a certain minimum amount of assets. There is no minimum investment amount at the onset of this program. This service is designed to help beginning investors with their financial planning needs, while also building a strong foundation for their investment planning.

**SERVICES:** Based upon information you agree to furnish, Pathways Advisory Group, Inc. will provide the following:

- We will discuss and gather information pertaining to your current financial matters in an effort to determine your needs, goals and objectives, time horizon and risk tolerance and assess your current circumstances. This assessment includes examining the strengths and weaknesses of your current situation.
- Following this assessment, we will explore the following areas, as appropriate for your situation:
  - Cash Flow Management
  - Prudent Debt Management
  - Insurance Planning
  - College Funding
  - Investment Portfolio Management
  - Retirement Accumulation Planning
  - Proactive Tax Planning
  - Estate and Beneficiary Planning
- Pathways Advisory Group, Inc. will develop an individualized investment policy including analysis, specific recommendations, asset allocation and assistance with implementation.
- Once your investment plan is in place, we will provide ongoing management of your portfolio assets. We will generally conduct internal portfolio reviews on a monthly basis. However, reviews may occur more or less often, depending upon the underlying assets of your portfolio and your personal circumstances.
- Pathways Advisory Group, Inc. will remain available on an ongoing basis. We will meet as often as necessary to discuss investment and financial planning issues. At a minimum, we will schedule annual or semi-annual review meetings.
- If deemed appropriate, we may help you select other professionals in an effort to implement financial planning recommendations.
- Periodic reports are provided detailing the portfolio status.
- Quarterly performance reports are sent to you following the first year of management.

- We provide a tabbed binder serving as an organizational system for reports and correspondence.

#### **SERVICES NOT PROVIDED:**

This service is not designed to address all of your financial needs. We do not sell insurance, prepare tax returns, nor create estate planning documents. Pathways Advisory Group, Inc. only provides financial consulting services under the terms of this Agreement. Pathways Advisory Group, Inc. does not provide accounting services. We will not provide legal advice nor prepare any legal documents. We will, however, coordinate our efforts with your tax, insurance and legal professionals as you deem appropriate. You understand your responsibility to secure the assistance of your personal accountant or legal counsel when the need for such services arises. Pathways Advisory Group, Inc.'s services and recommendations are based upon the portfolio assets as displayed on the Model Portfolio Report. Other assets you may have are not supervised under this advisory agreement.

#### **CLIENT RESPONSIBILITIES:**

You recognize that the value and usefulness of the advisory services provided by Pathways Advisory Group, Inc. will be dependent upon information you provide and upon your active participation in the formulation of planning objectives. You agree to:

- Provide detailed information and copies of documents (such as existing account statements, tax returns, estate planning documents) to permit complete evaluation of your financial situation
- Notify Pathways Advisory Group, Inc. promptly of any changes in your personal or financial situation

Failure to provide the information necessary for Pathways Advisory Group, Inc. to fulfill the services outlined in this contract may result in termination of the Foundational Consulting Agreement.

#### **CLIENT AUTHORITY:**

If our Client is not a natural person, you, as an authorized individual, represent and confirm that the engagement of the Adviser pursuant to the terms of this Agreement, is authorized by the governing documents relating to the Client and that the terms of this Agreement do not violate any obligations by which the Client is bound. You agree to deliver all forms, corporate resolutions or similar documentation evidencing the undersigned's authority to execute and deliver this Agreement. You also agree to deliver such organizational documents and other documents as we may reasonably require. You further agree to promptly deliver all amendments or supplements to the foregoing documents, and agree that Pathways Advisory Group, Inc. is not liable for any losses, costs or claims suffered or arising out of your failure to provide us with any documents required to be furnished hereunder. The Client warrants and represents that it owns all property deposited in the Account(s) and that no restriction on disposition exists to any such property.

#### **OTHER AGREEMENTS:**

You acknowledge that nothing contained in this Agreement violates the terms and conditions of any other agreements to which you may be bound.

#### **NON-EXCLUSIVE ADVISORY SERVICES:**

It is understood that Pathways Advisory Group, Inc. performs financial consulting services for various clients. You agree that we may give advice and take action with respect to any of our other clients that may differ from advice given to you. Nothing in this Agreement shall limit or restrict Pathways Advisory Group, Inc. from rendering financial consulting services to any other person or firm, or to engage in any other business activities so long as this Agreement or any extension, renewal or amendment hereof shall remain in effect, or until we may otherwise consent. Pathways Advisory Group, Inc. will not have any obligation to recommend for purchase or sale, for the Portfolio, any security or other asset we may purchase, hold or sell for our own accounts or for the accounts of any other clients.

#### **TERM:**

This Foundational Consulting Agreement is valid until terminated by Pathways Advisory Group, Inc. or the client. After the 3<sup>rd</sup> full year, this Agreement terminates and a new Financial Consulting Agreement will be executed. Either party may terminate this Agreement anytime upon receipt of written notice. Termination will be effective as of the date written notice is received. Client may terminate this Agreement within five (5) business days after entering the agreement and incur no management fees. Your death, disability or incompetency will not automatically terminate or change the terms of this Agreement. However, your personal representative,

guardian, attorney-in-fact, or other authorized representative may cancel this agreement by giving written notice to us. This allows our continued involvement on behalf of your heirs unless this Agreement is cancelled as stated above.

**COMPENSATION:**

Fees for the Foundational Consulting Service are based on fixed monthly deposits to an investment account. We debit a quarterly fee from the account following the end of each quarter. The first billing quarter shall be the first full calendar quarter that follows the signing of the agreement.

	Monthly Fee
First four (4) quarters	\$175
Quarters five (5) through eight (8)	\$200
Quarters nine (9) through twelve (12)	\$225

After the third full year, you will transition to the fee schedule under the Financial Consulting Agreement.

Pathways Advisory Group, Inc. does not accept performance fees. The fees set forth are for financial analysis and financial consulting services only and do not include any other professional services that may be required to implement the recommendations made by Pathways Advisory Group, Inc.

Client authorizes payment of fees by the custodian holding Client's funds and securities. Several criteria must be met when payment is made by the custodian: (1) The Client provides written authorization permitting the fees to be paid directly from the Client's account held by the independent custodian, and the authorization is limited to withdrawing contractually agreed upon investment advisor fees. (2) The Advisor must notify the Client, in writing, by at least first class mail, of the exact amount of the proposed withdrawal and the specific manner or basis on which the fee has been calculated, and such notice shall advise the Client of the opportunity to object to the invoiced amount and the manner in which the objection shall be made. (3) The frequency of fee withdrawal shall be specified in the written authorization/agreement. (4) The custodian of the account shall be advised in writing of the limitation on the Advisor's access to the account. (5) The custodian agrees to send to the Client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to the Advisor. (6) The Client shall be able to terminate the written billing authorization or agreement at any time. Payment of fees may be made directly by Client upon request. Client authorizes the sale of securities if there is insufficient cash for the debiting of management fees. Client acknowledges that taxable gains could result from such sales.

**TRADING AUTHORIZATION:**

A Limited Power of Attorney (LPOA) is generally executed with the custodian of Client assets. The LPOA provides Pathways Advisory Group, Inc. with the power to execute trades on the Client's behalf, and authorizes the custodian to deduct management fees from Client's account upon direction from Pathways Advisory Group, Inc. Generally, Charles Schwab & Co., Inc. is recommended as broker to execute securities transactions. Client, however, retains authority to direct trades to other brokers. Pathways Advisory Group, Inc. will not exercise discretionary control over any of Client's assets. Pathways Advisory Group, Inc. shall be responsible only to make investment recommendations to Client and to execute investment transactions after obtaining Client's approval. Client will retain absolute discretion over all investment decisions.

Once an asset allocation is agreed upon for the portfolio, a Model Portfolio is developed which identifies specific target percentages for each asset. If the actual percentages diverge from the target percentages, Client authorizes Pathways Advisory Group, Inc. to buy and/or sell securities to rebalance the portfolio closer to the targets. If Client requests a cash withdrawal or if a Required Minimum Distribution must be made from a retirement account, Client authorizes Pathways Advisory Group, Inc. to sell assets, if necessary, to meet the cash needs. Certain asset sales could create taxable gains.

If a purchase or sale in an account creates a divergence from the targeted Model Portfolio percentages, Client authorizes rebalancing trades in that or another account. At times, it may be advantageous to rebalance in a retirement account, such as an IRA, to avoid an adverse tax consequence. Client authorizes Pathways Advisory Group, Inc. to invest cash deposits and cash dividends made to Client accounts in order to move the portfolio closer to the target percentages.

Account custodians will debit Client accounts for various trading expenses, including brokerage commissions, margin interest, custodial fees, and bank or brokerage service fees, as applicable. No portion of such fees is received by Pathways Advisory Group, Inc. or by its principals or its Advisory Representatives.

#### **CONFIDENTIALITY:**

All information you may furnish to Pathways Advisory Group, Inc., including the Firm's Associated Persons, and all information and advice we provide you, shall be treated as confidential and shall not be disclosed to third parties. The only exceptions to this policy are when you specifically direct us to provide information to a third party or where we may be required to do so pursuant by law or regulation.

#### **FIRM REGULATION:**

Pathways Advisory Group, Inc. is a Registered Investment Adviser regulated by the Securities and Exchange Commission and is subject to the Securities and Exchange Commission's Investment Adviser's Act of 1940 as well as the anti-fraud provisions of the California Securities Act.

Advisors at Pathways Advisory Group, Inc. must be CERTIFIED FINANCIAL PLANNERS™ (CFP®) or begin enrollment in a course of study leading to the CFP® designation within one year of hire. As CERTIFIED FINANCIAL PLANNERS™, all advisors must comply with the *Standards of Professional Conduct* established and published by the CFP® Board.

#### **BASIS OF ADVICE:**

You understand that Pathways Advisory Group, Inc. obtains information from a wide variety of publicly available sources. Pathways Advisory Group, Inc. does not have, nor does it claim to have sources of inside or private information. The recommendations developed by Pathways Advisory Group, Inc. are based upon the professional judgment of Pathways Advisory Group, Inc. and the Firm cannot guarantee the results of any recommendations.

#### **LIMITATION OF LIABILITY:**

You understand that risks are inherent in any investment and that some investment decisions will result in profits and others in losses. You further understand there is no guarantee that your investment objectives will be achieved. Pathways Advisory Group, Inc. cannot assure a net profit, but will provide its best judgment to help achieve Client's investment goals.

Pathways Advisory Group, Inc. shall not be liable for any loss incurred with regard to your account, except where the loss directly results from our negligence or misconduct.

Pathways Advisory Group, Inc. will not be responsible for the acts or omissions or insolvency of any other agent, broker or independent contractor selected to take any action or to negotiate or consummate any transaction for your account. Nothing in this Agreement shall in any way constitute a waiver or limitation of any rights that you may have under Federal or State securities laws (or ERISA, if the "Client" is a qualified plan under ERISA).

#### **MEDIATION:**

It is our goal to ensure that our Clients have an opportunity to clearly and precisely communicate their needs. We believe open communication is the key to a successful investment advisory relationship. If, at any time, you feel we are not meeting your expectations, you agree to contact us promptly, so that we may review the matter and take corrective action. This is extremely important to us, because we want to make sure you are treated fairly. Although we cannot promise or guarantee any investment results, we are committed to providing good service to our Clients. If we are not able to resolve your concerns, we ask that we first seek to resolve any conflicts in Mediation before resorting to any other forum. Nevertheless, nothing stated herein shall constitute a waiver of any rights you may have under Federal or State securities laws.

#### **CONFLICTS AMONG CLIENTS / SPOUSES:**

Where Pathways Advisory Group, Inc. provides services to two or more individuals (example: husband and wife), recommendations will be based on the specific goals stated by the Clients, and we will assume that the relationship between the individuals will continue. Married couples are considered as one client. Therefore, any information given by one partner may be shared with the other. Authorizations by one partner shall bind both.

**SEVERABILITY:**

Each section of this Agreement and every provision therein shall be severable from every other section of this Agreement and any and every provision thereof, and the invalidity or enforceability of any section or provision shall not affect the validity of any other section or provision of this Agreement.

**PROXY VOTING:**

The responsibility to vote all proxies for all securities in the account shall reside with:

Pathways Advisory Group, Inc.       Client      (Check one only)

**MISCELLANEOUS PROVISIONS:**

- A. This Agreement shall be governed by the laws of the State of California, the Securities & Exchange Commission's Investment Adviser's Act of 1940 and the anti-fraud provisions of the California Securities Act.
- B. This Agreement shall inure to benefit any successor of Pathways Advisory Group, Inc. and shall be binding upon the successors and assigns of Client. Pathways Advisory Group, Inc. shall not assign this Agreement without the written consent of the Client.
- C. This Agreement shall not become effective until acceptance by Pathways Advisory Group, Inc. as evidenced by the signature of an authorized representative below. Regulatory bodies periodically require additional disclosures to Clients. In such an instance, Pathways Advisory Group, Inc. may amend this Agreement with proper notice made to Client. The amendment would become effective thirty (30) days after written notice of the change is given to Client, unless Client elects to terminate the Agreement. Otherwise, no modification or amendment to this Agreement shall be effective unless made in writing and signed by Client and an authorized representative of Pathways Advisory Group, Inc.
- D. The parties hereto acknowledge and agree that this Agreement alone constitutes the final written expression of the parties with respect to all matters contained herein. The parties further acknowledge and agree that prior or contemporaneous agreements, if any, are merged herein, and this Agreement alone constitutes the final understanding between the parties.
- E. Pathways Advisory Group, Inc. is organized as a Corporation under the laws of the State of California. If there is a change in the ownership or organization of Pathways Advisory Group, Inc., Clients will receive notification in writing within 30 (thirty) days from the effective date of the change.
- F. If Client is an employee benefit plan governed under ERISA, Pathways Advisory Group, Inc. acknowledges that it is a fiduciary, as defined in ERISA, with respect to the plan's assets in the account.

Unless otherwise specified herein, all notices, instructions or any other actions contemplated by this Agreement shall be deemed to be duly given when received in writing by Pathways Advisory Group, Inc.'s office located at 684 West Cromwell Avenue, Suite 103, Fresno, CA 93711.

You hereby acknowledge receipt of:

1. *Form ADV Part 2* as the most recent disclosure document filed by Pathways Advisory Group, Inc. with the Securities and Exchange Commission.

\_\_\_\_\_ Initial & Date

2. Pathways Advisory Group, Inc.'s *Privacy Notice* disclosing our policies regarding the protection of client confidentiality.

**ACCEPTANCE:**

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Client Name: \_\_\_\_\_

Client Name: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Address: \_\_\_\_\_

Accepted by: Pathways Advisory Group, Inc.  
684 West Cromwell Avenue, Suite 103  
Fresno, CA 93711  
(559) 431-4700

Dated: \_\_\_\_\_

Authorized Officer: \_\_\_\_\_