

**Item 1 – Cover Page**

**FORM ADV PART 2A**  
**KAIZEN FINANCIAL ADVISORS, LLC**  
**A Wealth Management Firm**



4030 Lake Washington Blvd NE, Suite 308

Kirkland, WA 98033

425-321-5800

[www.kaizenfa.com](http://www.kaizenfa.com)

March 13, 2023

This firm brochure (“Brochure”) provides information about the qualifications and business practices of Kaizen Financial Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 425-321-5800. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Please note that the use of the term “registered investment advisor” and description of our firm and/or our associates as “registered” does not imply a certain level of skill or training. Clients are encouraged to review this brochure and any brochure supplements (“Brochure Supplements”) for more information on the qualifications of our firm and our associates.

Additional information about Kaizen Financial Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for our firm is 155353.

## Item 2 – Material Changes

We have made the following material changes to this Brochure since our last annual update in March 2022:

- This Brochure has been amended to disclose that we now offer advisory services to retirement plans and their sponsors. Please see Items 4 and 5 for details regarding the nature of these services and their related fees.
- This Brochure has been amended to disclose revisions to our standard schedule of asset-based fees. Please see Item 5 for details.
- This Brochure has been amended to disclose that we may charge hourly fees of up to \$400 per hour for certain stand-alone advisory services. Please see Item 5 for details.
- This Brochure has been amended to disclose that, as a condition of engaging us for ongoing investment management services, we require clients to engage the independent qualified custodians we recommend for custody and trade execution services. As of the date of this Brochure, we recommend that client engage Charles Schwab & Co., Inc. for these services. We may recommend other providers for these services in the future. Please see Item 12 for details.
- This Brochure has been amended to reflect that we no longer permit clients to direct the execution of securities transactions through specific broker-dealers (e.g., directed brokerage). Please see Item 12 for details.

We will update this Brochure and summarize in this Item 2 the occurrence of any material changes with respect to our business in accordance with applicable law. All current clients will receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our fiscal year and certain additional updates regarding changes with respect to our firm and our business practices as they may occur. Updated information concerning these changes will be provided to clients free of charge. A Summary of Material Changes is also included within our brochure found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can obtain additional information about our firm by searching for us on the foregoing website by our firm name or by our unique IARD/CRD number (155353).

A copy of this Brochure will be provided to you free of charge by contacting us at the telephone number reflected on the cover page.

### **Item 3 – Table of Contents**

Item 1 – Cover Page.....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	6
Item 6 – Performance-Based Fees and Side-By-Side Management .....	9
Item 7 – Types of Clients .....	9
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss.....	9
Item 9 – Disciplinary Information .....	11
Item 10 – Other Financial Industry Activities and Affiliations .....	11
Item 11 – Code of Ethics .....	11
Item 12 – Brokerage Practices .....	12
Item 13 – Review of Accounts.....	14
Item 14 – Client Referrals and Other Compensation.....	14
Item 15 – Custody.....	15
Item 16 – Investment Discretion.....	15
Item 17 – Voting Client Securities.....	15
Item 18 – Financial Information .....	16
Item 1 – Cover Page.....	17
Brochure Supplement: Laurie L. Klein CFP®, ChFC® .....	17

## **Item 4 – Advisory Business**

### **About Our Firm**

Kaizen Financial Advisors, LLC (“Kaizen,” “firm,” “we,” “our,” and “us”) is Washington limited liability company founded in October 2010 by its managing member, Laurie L. Klein, CFP®, ChFC®. We offer portfolio management, financial planning, tax planning, and personalized financial coaching services to our clients (“client,” “you,” and “your”).

Our wealth management process is designed to help you make better decisions by avoiding dangers, seizing opportunities, and maximizing your strengths. Our goal is to organize your financial life to free up your time to devote to activities that are more personally fulfilling. Our clients consist primarily of high-net-worth individuals who have realistic investment expectations and who value our advice and expertise.

Kaizen is a fee-based fiduciary investment advisor. We act in a fiduciary capacity and only provide investment advice that we believe to be in your best interests. We cannot and do not accept or collect brokerage commissions or any other form of compensation in connection with the purchase or sale of securities or other investment products. We believe our fee-based method of doing business mitigates against conflicts of interest and best aligns with our role as your trusted fiduciary.

### **Our Services**

#### **Wealth and Portfolio Management Services**

We offer a variety of investment advisory services to clients. Our investment advice is always tailored according to each client’s financial circumstances, objectives, and needs. Most clients engage us for a comprehensive investment advisory relationship encompassing some or all of the below services, as applicable to their unique financial needs and goals. Investment advice regarding a limited sub-set of the below topics is available on a stand-alone basis (e.g., financial planning related to divorce). Corporate clients may also engage us for retirement plan consulting services.

**Individual Retirement Planning:** We believe that thinking ahead to retirement is critical, no matter how far away it may seem. People are now typically living longer lives, and defined-benefit plans are becoming less common, leaving it up to the individual to contribute adequate funds to survive on what could amount to multiple years without income from a job. We’ll advise you on matters such as when to take social security and pension benefits, which savings vehicles to use to accumulate your wealth, withdrawal strategies to reduce the amount of tax you pay, and how to make sure you maintain your desired lifestyle in your golden years.

**Tax Planning:** Is an area that adds a lot of value to clients’ situations because accumulating, accessing, and transferring wealth has serious tax implications. Kaizen will help you minimize current and future taxes as part of your financial picture.

**Estate Planning:** Estate planning is advance planning that helps you control who will inherit your money and property, and who can make medical and financial decisions on your behalf if you’re unable to do so yourself. We will help you decide the best way to transfer your assets to your loved ones and charity as well as minimize or avoid your tax liability.

**Employee Benefits:** 401ks, employee stock plans, and health insurance may be just a few of the benefits offered by your employer. We will advise you as to how you can take maximum advantage of these benefits and avoid missing opportunities for increased growth or savings.

**College Savings:** Saving for future college costs and other educational expenses is a major financial goal for many families. There are several tax-advantaged savings programs that can help. We will assist you to identify these programs and maximize the possible advantages of their use.

**Risk Management:** Find peace of mind for yourself and your family by planning for life's worst "what-if" moments such as premature death, disability, property and casualty losses, and long-term care. The hope is that these scenarios never occur, but there are no guarantees they won't, and planning should be done to protect your financial security if they do.

**Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving our goals. We also offer retirement benefit plans to help you retain and attract talent.

**Ongoing Investment Management:** As part of our wealth management process, further described below, we will put together an integrated plan for investment of your assets in a written Investment Policy Statement ("IPS") which is tailored based on our understanding of your unique investment objectives, financial circumstances, tolerance for investment risk, and time horizon for investments. Your portfolio will only be allocated once your investment objectives and risk profile have been determined in connection with your other goals.

You will typically be required to grant us ongoing and continuous discretionary authority to execute our investment recommendations within your designated investment accounts without obtaining your prior approval for each transaction. Your assets will be held in your name in the custody of an independent qualified custodian, typically a broker-dealer, who will implement our investment recommendations within your account upon our instruction. We will maintain your IPS and update it annually or necessary as your financial situation and needs change. We will monitor your investments on an ongoing basis and adjust your portfolio in consideration of current economic conditions, our market opinions and assumptions, and any material changes in your individual financial circumstances, goals, and needs.

Kaizen typically uses model portfolios to manage client money. Model portfolios are a series of predefined asset allocations in which a recommended mix of different asset classes are proposed based on a client's risk tolerance. Over time, these portfolios are rebalanced according to changing market conditions or client circumstances. We may use substitute positions in our models based on the client's specific situation, such as not wanting to sell a specific investment due to capital gains. Clients may choose to restrict certain investments in their account(s) and we will note this information in the client's IPS. We will also hold investments outside our models if the client chooses to hold specific investments or concentrated stock positions.

#### **Our Wealth and Portfolio Management Process: Discovery, Design, Implementation, and Maintenance**

- **Discovery:** During this phase a prospective client is required to provide fill out a questionnaire detailing their assets, liabilities, income, and expenses. In addition, we are going to ask you what you are trying to accomplish with your wealth.
- **Design:** Once your information has been received, we will prepare a financial review and make our recommendations based on your plan and stated objectives.
- **Implementation:** Clients subscribing to our services will receive a detailed plan designed to achieve their stated objectives. Once agreed upon, we help you implement our recommendations. When necessary, we coordinate with your other advisors.
- **Maintenance:** Because financial planning is dynamic, ever-changing, and never complete, the maintenance phase includes the ongoing oversight of your finances.

A new client can expect several meetings to develop their plan. Once the client agrees upon recommendation then we begin implementing our advice. Generally, the phase takes a year to complete, but it varies depending on your circumstances.

The plan and the client's financial situation will be monitored, and follow-up correspondence will be made to verify that any agreed-upon action steps have been carried out. On a periodic basis, we will review your plan and your progress toward your goals. Our clients receive a meeting summary including any outstanding actions (e.g., a "to-do" list) that need to be addressed.

It is the client's responsibility to promptly notify Kaizen if their financial situation or investment objectives change and Kaizen is not required to verify any information received from the client or from the client's other professionals.

### **Retirement Plan Consulting Services**

For corporate clients, we offer retirement plan consulting services to qualified retirement plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include a review of an existing plan, formulation of the investment policy statement, assistance selecting and monitoring plan service providers, recommendations regarding investment selection, on-going consulting, portfolio management services, and participant enrollment and investment education services.

### **Wrap Fee Programs**

A wrap fee program is an investment program under which a client pays a bundled fee that covers the cost of investment advice combined with the costs of transaction execution (e.g., brokerage commissions). We do not recommend any wrap fee programs to clients, nor do we serve as a portfolio manager or sponsor of any wrap fee programs.

### **Types of Investments Recommended**

While we don't recommend any particular type of investment over any other, client portfolios are typically constructed using a diversified mix of some or all of the following instruments: individual stocks, corporate and government debt securities, mutual funds, exchange traded funds ("ETFs"), real estate investment trusts ("REITs"), money market funds, certificates of deposit, cash, and cash equivalents. We may also recommend other types of investments based on your specific investment objectives and needs.

### **Assets Under Management**

As of December 31, 2022, we managed approximately \$180,328,082 in client assets on a discretionary basis and \$1,654,674 of client assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Our Fees**

We typically charge an annual asset-based fee for our wealth and portfolio management services and retirement plan consulting services that is calculated as percentage of the value of your assets under management. The accounts that will be included for purposes of calculating your assets under management will be set forth in writing in your IPS at the inception of our relationship and may be adjusted by agreement of the parties over time. Our advisory fee is based on value of your assets under management as of the last day of the prior calendar quarter. Our standard annual fee schedule is shown below, however, our fees are negotiable and some clients may pay fees pursuant to a materially different fee schedule. All advisory fees are set forth in a written investment advisory agreement entered with the client prior to our rendering of any investment advisory services.

<b>ASSETS UNDER MANAGEMENT</b>	<b>ANNUAL RATES (%)</b>
0 to \$2,000,000	1.00%
\$2,000,001 to \$5,000,000	0.50%
\$5,000,001 to \$10,000,000	0.35%
\$10,000,001 to \$25,000,000	0.25%
Above \$25,000,000	0.15%

Advisory fees for these services are payable to us quarterly in advance and are pro-rated for partial billing periods at the inception and termination of our relationship based on the number of days services are provided. Unless we notify you otherwise in writing, we will rely on the pricing information provided by the custodian of your account for purposes of calculating our advisory fees.

At our discretion, we may combine the account values of family members to determine the applicable advisory fee. For example, we may combine account values for you and your children, siblings, parents, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in paying a reduced advisory fee.

Where we are engaged for stand-alone financial advice on a limited topic or topics, we may instead charge hourly fees. Administrative type services (e.g., bookkeeping and organizational tasks) are billed at \$150 per hour and higher level, financial consulting tasks (e.g., those performed by an investment advisor representative of our firm) are billed at \$400 per hour. We will bill these fees to you by traditional invoicing in arrears, with all fees payable by check (or other form of payment deemed acceptable by Kaizen) upon delivery of our invoice for services rendered.

#### **Direct Fee Deduction**

You will be required to authorize Kaizen in writing (typically on the custodian's preferred forms) to deduct its advisory fees directly from your account held at the independent qualified custodian. Your custodian will independently send you an account statement monthly or quarterly identifying the amount of funds and each security held in your account at the end of the period and setting forth all transactions in your account during the period, including the amount of any advisory fees paid to Kaizen. Your custodian is not responsible to verify the accuracy of our advisory fee calculations. Therefore, we encourage you to review the custodian's account statements carefully upon receipt. If you believe our advisory fees have been miscalculated or if there is any other issue with your account, you should contact us immediately at the phone number listed on the cover page of this brochure.

In the unlikely event you do not have an account directly managed by us, we will bill you by traditional invoice and you will be required to pay our fees by check or other form of payment deemed acceptable by Kaizen. Where we directly invoice you for our advisory fees, all such fees are due and payable upon presentation of our invoice.

#### **Other Fees and Expenses**

Our advisory fees cover the costs of our investment advice, including the time we expend working with your other professional advisors (e.g., certified public accountants and attorneys) in identifying solutions and in the development of appropriate documents. Any fee charged by your other professional advisors is separate from, and in addition to, the fees charged by Kaizen.

Our fees are exclusive of brokerage commissions, transaction fees, wire costs, and other related costs and expenses which will be incurred by the client. Mutual funds and exchange-traded funds also charge internal management fees and other expenses which are disclosed in a fund's prospectus. You will separately bear these internal fund-level fees and expenses.

We do not share in any portion of the foregoing additional fees and expenses. To fully understand the total costs you will incur when engaging our services, you should review the disclosure brochure or prospectus

of each mutual fund, ETF, REIT, and/or other pooled investment vehicle in which you invest and the contractual arrangement entered with your custodian.

### **Termination Policy**

Clients will have a period of five (5) business days from the date of entering into a written investment advisory agreement with our firm to terminate the agreement and receive a full refund of any fees paid. Thereafter, either Kaizen or the client may terminate the Agreement(s) by providing written notice of termination to the other party. Any unearned advisory fees paid in advance will be returned to the client on a pro-rata basis based on the number of calendar days services were provided to the client during the final billing period. Advisory fees due to be refunded to you will be deposited into your originating account or will be paid to you via a check within ten (10) business days of termination.

For all services, we reserve the right to stop work on any account which is not paid on a timely basis, and we reserve the right to terminate the engagement where you have willfully concealed or have refused to provide information about your financial situation which frustrates our ability to provide you with proper financial advice.

### **Compensation For Sale of Insurance Products**

Kaizen is a licensed insurance agency in Washington. Ms. Klein is a licensed insurance agent affiliated with Kaizen, as well as being appointed with several unaffiliated insurance companies. Ms. Klein may offer and recommend insurance products to advisory clients and receive normal and customary commissions and other compensation as a result of a client's purchase or renewal of any recommended insurance products. These payments vary by insurance product and company and may provide different incentives depending on the amount of the renewal payment. This arrangement presents a conflict of interest to the extent our recommendation to purchase an insurance product may result in additional compensation being paid to Ms. Klein. Our clients are under no obligation to purchase any insurance products we recommend or to buy products through any specific insurance agency, agent, or insurance company. We disclose to clients any commissions that may be paid to the firm or its associated persons in connection with their purchase of recommended insurance products. We encourage you to ask us about the conflicts of interest presented by the insurance licensing of our associated persons.

### **Disclosure of Fiduciary Status Related to Rollover Advice**

We have a conflict of interest when we recommend that you roll over retirement assets to accounts that will be subject to our management. This is because we earn additional revenue when we manage more of your assets. In making the recommendation to consolidate assets with Kaizen, we do so only after determining that the recommendation is in your best interest. In making any recommendation to transfer or rollover retirement assets, we do so as a "fiduciary," as that term is defined in ERISA or the Internal Revenue Code, or both. If we provide non-fiduciary services to you, those services and fees will be disclosed.

You are under no obligation, contractually or otherwise, to complete any recommended rollover transaction. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed 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 your best interest and not put our interest ahead of yours.

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 yours 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 your best interest;



- charge no more than a reasonable fee for our services; and
- give you 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, you 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 your 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 you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend to you is in your best interests.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or engage in the side-by-side management of accounts.

## **Item 7 – Types of Clients**

We offer our advisory services to individuals, high-net-worth individuals, qualified retirement plans, non-profit organizations, and other business entities. We do not require a minimum account size to commence an advisory relationship. However, Kaizen charges a minimum fee of \$5,000 per year for its services, which fee is billed quarterly at \$1,250. We may waive our minimum annual fee in some circumstances.

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

### **Our Methods of Analysis and Investment Strategies**

We recommend clients take a long-term diversified approach to investing. To achieve this goal, we attempt to identify an appropriate ratio of equity securities, fixed income, real assets, and cash suitable to the client's investment goals and risk tolerance. We offer global investment portfolios that invest in an array of asset classes. We use ETFs in our models. ETFs are generally low-cost, tax-efficient, and broadly diversified. There are times when we use mutual funds instead of ETFs. We invest in mutual funds when clients are making monthly deposits into their account(s) or if there is a small retirement account and we invest in one allocation fund because it is the best way to achieve diversification.

Our investment philosophy and strategy are based on traditional academic principles of modern portfolio theory and academic research that have demonstrated that investment markets are generally efficient. Attempts by "active" investment managers and mutual funds to exceed the performance of their respective benchmark (i.e., index) frequently have resulted in poor and underperforming results.

Our analysis is grounded in our educational background and training. We utilize financial newspapers, journals, magazines, corporate rating services, prospectuses, filings with the SEC, and company press releases for decision-making purposes. We also attend investment and academic presentations and conferences.

## **General Risks of Investing and Our Investment Approach**

Each client must be able to bear the various risks involved in the investment of account assets, which may include market, currency, interest rate, liquidity, and operational or political risks. A further risk of a long-term diversified approach is that the client may not participate in sharp increases in a particular security, industry, or market sector. Our clients understand some investment decisions may result in a loss, including the potential loss of the original principal invested.

## **Investment Risks Related to Recommended Investments**

While all investing involves risks and losses can and will occur, we generally recommend a broad and diversified allocation of securities and other investments intended to reduce the specific risks associated with a concentrated or undiversified portfolio. Nonetheless, you should consider the following high-level summary of investment risks. This list is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments in your account.

**Risk of Loss:** Securities investments are not guaranteed, and you may lose money on your investments. As with any investment manager that invests in common stocks and other equity securities, our investment recommendations are subject to market risk—the possibility that securities prices will decline over short or extended periods of time. As a result, the value of your account(s) will fluctuate with the market, and you could lose money over short or long periods of time. You should recognize whenever you determine to invest in the securities markets your entire investment is at risk. Clients should not invest money if they are unable to bear the risk of total loss of their investments.

**Economic Risk:** The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

**Financial Risk:** Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the “dot com” companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

**Market Risk:** The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company’s intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security’s price due to company specific events (e.g., earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g., such as a “bear” market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

**Interest Rate Risk:** Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words,

as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

**Risks Related to Analysis Methods:** Our analysis of securities relies in part on the assumption that the issuers whose securities we recommend for purchase and sale, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

**Securities Transactions at the Direction of Clients:** All assets are held at the custodian in your name and you will typically maintain the concurrent ability to direct transactions within your account. We are not responsible for the consequences of your self-directed investment decisions or the costs and fees they generate within your account.

**Interim Changes in Client Risk Tolerance and Financial Outlook:** The particular investments recommended by our firm are based solely upon the investment objectives and financial circumstances disclosed to us by you. While we strive to meet with you at regular intervals (at least annually, unless otherwise agreed, either in person, telephonically, or by electronic means) to discuss any changes in your financial circumstances, the lack of constant and continuous communication presents a risk insofar as your liquidity, net worth, risk tolerance and/or investment goals could change abruptly, with no advance notice to our firm, resulting in a mis-aligned investment portfolio and the potential for losses or other negative financial consequences.

It is your continuing and exclusive responsibility to give us complete information and to notify us of any changes in your financial circumstances, income level, investment goals or employment status. We encourage you to contact us regularly and promptly to discuss your investment and any changes to your financial circumstances.

## **Item 9 – Disciplinary Information**

Kaizen is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm or the integrity of our management. The firm and its management personnel have no information to disclose under this Item 9.

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

The firm and its associated persons are not registered and do not intend to become registered as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or as associated persons of any of the foregoing.

Except as described in Item 5 with respect to Kaizen's status as an independent insurance agency and Ms. Klein's status as licensed insurance agent, Kaizen does not have any relationships, industry activities, affiliations or arrangements and does not collect any additional compensation, directly or indirectly, that create a material conflict of interest with its clients.

Except for certain benefits we receive from the broker-dealers we recommend to clients as outlined in Item 12 of this Brochure, we do not receive any additional compensation or benefits, either directly or indirectly, in connection with referrals of our clients to any third parties. We will only recommend and refer you to third-party providers when we believe such recommendations to be in your best interests.

## **Item 11 – Code of Ethics**

### **Our Code of Ethics**

We have adopted a Code of Ethics for all persons of the firm describing our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering,

restrictions on the acceptance of significant gifts, and personal securities trading procedures. Please contact us at the telephone number indicated on the cover page of this Brochure if you would like to receive a free copy of our Code of Ethics.

Separate and in addition to adherence to our Code of Ethics, associated persons of our firm who are CFP® designees must also adhere to the Certified Financial Planner Board of Standards Code of Ethics.

### **Material/Proprietary Interests In Securities Recommended to Clients**

Our firm and our associated persons do not have any proprietary or material interests in or any role in the management of any companies or investments that we recommend to our clients.

### **Personal Trading**

The principal and employees of our firm may own securities that are recommended to and purchased by our clients. Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

### **Privacy Policy and Confidentiality**

A copy of our privacy policy notice is provided prior to or along with the execution of an engagement agreement. We will notify you annually of our privacy policy and at any time in advance if it is expected to change. To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of your information.

## **Item 12 – Brokerage Practices**

### **Broker Dealer/Custodian Recommendations**

Client accounts managed by Kaizen are maintained in the client's name and held at an independent qualified custodian, typically a licensed broker-dealer. As a condition of engaging our firm for ongoing investment management services, we require our clients to engage the independent qualified custodians we recommend for custody and trade execution services. As of the date of this Brochure, we recommend Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, Member FINRA/SIPC, as the qualified custodian and broker for client accounts. Schwab holds client assets in a brokerage account and they will buy and sell securities when we instruct them to do so. They do not act as an advisor to your account. Kaizen is independently owned and operated and Schwab does not monitor or control the activities of our firm or its personnel. We may recommend other custodians in the future.

### **Best Execution**

In determining which custodians to recommend to clients, we seek to recommend those custodians who will hold client 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, the recommended custodian's capability to buy and sell securities for clients' account; capability to facilitate transfers and payments to and from accounts; breadth of available investment products; availability of investment research and tools that assist us in making investment decisions; quality of services; competitiveness of the price of these services; reputation, financial strength, and stability; prior service to us and our clients; and the availability of other products and services that benefit us, as discussed below in this Item 12.

### **Client Brokerage and Custody Costs**

The fees you will pay Schwab for their services to your account are determined by Schwab and will be described in Schwab's account opening documentation. Generally, Schwab does not charge clients separately for custodial services, but is compensated by charging commissions or other fees on trades that

it executes or that settle your Schwab accounts. In addition to commissions, Schwab can charge a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client’s Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize trading costs, we have Schwab execute most trades for our client accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution”. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

### **Directed Brokerage**

As indicated above, Kaizen generally does not permit its clients to select a custodian other than the custodians it recommends for trade execution and custodial services (i.e., client directed brokerage). Clients should be aware of the fact that not all investment advisors require clients to use a particular custodian for trade execution services. You should further be aware that, because we require clients to engage the custodians we recommend, we may not be able to achieve the lowest cost of execution of specific client transactions. Thus, the exclusive use of only our recommended custodians may cost clients more money compared to other arrangements.

### **Soft Dollars**

The custodian(s) we recommend to clients may provide us with certain brokerage and research products and services that qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”). This is commonly referred to as a “soft dollar” arrangement. These research products and/or services will assist us in our investment decision making process. Such research generally will be used to service all of our client accounts, but brokerage charges paid by the client may be used to pay for research that is not used in managing that specific client’s account. Your account may pay to a broker-dealer a charge greater than another qualified broker-dealer might charge to affect the same transaction where we determine in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

### **Other Products and Services We Receive From Schwab**

Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like Kaizen. They provide us and our clients with access to 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 minimum value of assets with them.

Below is a more detailed description of Schwab’s support services:

**Services That Benefit Clients:** 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 clients and their accounts.

**Services That May Not Directly Benefit Clients:** Schwab also makes available to us other products and services that benefit us but may not directly benefit our clients. 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 provides access to client account data (such as duplicate

trade confirmations and account statements); facilitates trade execution; provides pricing and other market data; facilitates payment of our advisory fees from our clients' accounts; and assists us 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 access to educational conferences and events; consulting on technology, compliance, legal, and business needs; access to publications and conferences on practice management and business succession; and 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 discount or waive its fees for some of these services.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them if we maintain the minimum amount of client assets at Schwab. This is a conflict of interest because it creates an incentive for us to recommend that clients maintain their accounts with Schwab based on our interest in continuing to receive benefits from them, rather than such recommendations being based purely on our clients' receipt of best execution of transactions. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients.

### **Aggregation of Client Trades**

Kaizen does not aggregate client trades. We will update this section of the brochure if we amend our practices in this area.

## **Item 13 – Review of Accounts**

### **Account Review Policy**

Client accounts are generally reviewed by Ms. Klein. However, the specific individuals conducting account reviews may vary from time to time, as qualified investment professionals join or leave our firm. The frequency of reviews is determined based on each client's investment objectives and needs. Accounts are generally reviewed quarterly, but in any event, no less than annually.

Kaizen may conduct account reviews on a more frequent basis upon a triggering event such as a market correction, large deposits or withdrawals from an account, substantial changes in the value of a client's portfolio, or change in the client's investment objectives or needs, or upon client request.

Clients can log into their Schwab account to see their investments or Kaizen can provide a report of their current holdings. Kaizen has a portal that clients can use to view their accounts.

### **Reports to Clients**

The custodian of your account will independently provide you with trade confirmations and monthly or quarterly statements of account. Additional reports are available and will be provided as requested by the client or at the client's annual review. Our reports may vary from the account statements provided by your custodian based upon accounting procedures, reporting dates, or valuation methodologies of certain securities. If you are not receiving at least quarterly custodial account statements, please contact us at the number on the cover page of this Brochure.

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

We do not pay or receive any compensation or economic benefits of any kind for client referrals given or received. However, we do receive a financial benefit from Schwab in the form of the support products and services Schwab makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 of this Brochure.

Ms. Klein is a licensed agent with several life, disability, and long-term care insurance companies. In Item 10 of this brochure, we describe this business activity and the related conflicts of interest.

### **Item 15 – Custody**

With the exception of our ability to directly debit fees as outlined in Item 5, we do not hold, directly or indirectly, any client funds or securities, or have any authority to obtain possession of them. All client assets are held in the custody of a qualified custodian. We currently recommend Schwab to act as your qualified custodian to hold your assets and execute securities transactions for your account. Your custodian will be authorized to execute trades within your account upon our instructions, acting within the scope of the discretionary trading authority you grant to us in our written advisory agreement and the custodian's account opening documentation.

We shall have no liability to you for any loss or other harm to any property in your account, including any harm to any property in your accounts resulting from the insolvency of any custodian or any acts of the agents or employees of any custodian and whether or not the full amount of such loss is covered by the SIPC or any other insurance which may be carried by such custodian. Clients understand that the SIPC provides only limited protection for the loss of property held by a custodian.

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

We usually receive discretionary authority from the client to select the identity, amount of securities to be bought or sold, and the timing of transactions for the client's account at the onset of an advisory relationship. To establish this authority, you will be required to execute a written investment advisory agreement with Kaizen and a third party trading authorization (limited power of attorney) with Schwab. These authorizations grant us the power to execute trades in your Schwab account(s) without obtaining your approval of each specific transaction. We will only exercise our discretionary trading authority in a manner consistent with the IPS we have developed for your account.

To the extent we provide you any financial planning recommendations or recommendations for accounts over which we do not maintain trading authority, you shall make all final investment decisions and be responsible for implementation and ongoing monitoring of all investments contained in such accounts.

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

#### **Proxy Voting**

As a matter of firm practice, we do not have any authority to vote proxies on behalf of any of our clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in client portfolios. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible to vote the proxy. We may provide you with advice as to how to vote proxies, however, you are ultimately responsible for placing your vote.

#### **Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class-action lawsuits. Kaizen has no obligation to determine if securities held by the client are subject to a pending or resolved class-action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict.

When Kaizen receives written or electronic notice of a class-action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable means of communication if the client has given the Kaizen this authority.

### **Item 18 – Financial Information**

Advisors who have discretionary authority over client accounts, custody of client assets, or who require or solicit pre-payment of more than \$1,200 in fee per client, six months or more in advance, are required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients. Kaizen maintains discretionary authority over client funds. We have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to our clients. Neither our firm nor its principal has been the subject of a bankruptcy petition at any time in the past.



Item 1 – Cover Page

FORM ADV PART 2B

Brochure Supplement: Laurie L. Klein CFP<sup>®</sup>, ChFC<sup>®</sup>

KAIZEN FINANCIAL ADVISORS, LLC

A Wealth Management Firm



4030 Lake Washington Blvd NE, Suite 308

Kirkland, WA 98033

425-321-5800

[www.kaizenfa.com](http://www.kaizenfa.com)

March 13, 2023

This brochure supplement (“Brochure Supplement”) provides information about Laurie L. Klein, CFP<sup>®</sup>, ChFC<sup>®</sup> that supplements the Kaizen Financial Advisors, LLC firm brochure (“Brochure”). You should have received a copy of our Brochure. Please contact us at 425-321-5800 if you did not receive the Brochure or if you have any questions about the contents of this Brochure Supplement.

Additional information about Laurie L. Klein, CFP<sup>®</sup>, ChFC<sup>®</sup> is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Ms. Klein is 4478848.

## Item 2: Education and Business Background

**Laurie L. Klein, CFP® , ChFC®**

Born 1969

### **Education:**

- 06/1992 – University of California at Santa Barbara, Santa Barbara, CA – Bachelor of Arts (Economics)
- 12/2004 – City University, Bellevue, WA – CFP Program
- 10/2010 – The American College, Bryn Mawr, PA – ChFC Program

### **Business Experience:**

- 10/2010 to Present – Kaizen Financial Advisors, LLC – Managing Member and Investment Advisor Representative
- 05/2005 to 09/2010 – Harvest Capital Advisors Inc. – Lead Advisor
- 10/2001 to 05/2005 – American Express Financial Advisors – Financial Advisor
- 11/2000 to 08/2001 – Blessing White – Regional Manager
- 04/1993 to 10/2000 – Valberg Corporation – Vice President, Chief of Operations, and Controller.

Laurie Klein holds the Certified Financial Planner® (CFP®) designation issued by the Certified Financial Planner Board of Standards, Inc. received in May 2005, and is a Chartered Financial Consultant (ChFC®) from The American College received in October 2010.

**CFP® (CERTIFIED FINANCIAL PLANNER™) Description:** The CFP® designation is issued by the Certified Financial Planner Board of Standards, Inc. A CFP® candidate must have a bachelor's degree or higher from an accredited college or university, and 3 years of full-time personal financial planning experience. The candidate must complete a CFP-board registered program or hold one of the following: CPA, ChFC®, CLU, CFA, Ph.D. in business or economics, Doctor of Business Administration or an Attorney's License. CFP candidates must pass the CFP Certification Examinations. To maintain the designation a designee must attend at least 30 hours of continuing education every two years.

**ChFC® (Chartered Financial Consultant) Description:** The ChFC® designation is issued by The American College. A ChFC® candidate must 3 years of full-time business experience within the five years preceding the awarding of the designation. The candidate must complete six core and two elective courses and pass a final proctored exam for each course. To maintain the designation s/he must obtain at least 30 continuing education credits every two years.

## Item 3: Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to client's evaluation of each supervised person providing investment advice. Ms. Klein has no information to disclose in response to this Item 3.

## Item 4: Other Business Activities

Kaizen is a licensed insurance agency in Washington. Ms. Klein is a licensed agent affiliated with Kaizen as well as being appointed with several unaffiliated insurance companies. Ms. Klein may offer and recommend insurance products to advisory clients and receive normal and customary commissions and other compensation as a result of a client's purchase or renewal of any recommended insurance products.

These payments vary by insurance product and company and may provide different incentives depending on the amount of the renewal payment. As a fiduciary, Ms. Klein must act in the best interests of our investment advisory clients. As such, Ms. Klein will only transact insurance business with clients when her receipt of any insurance-related commissions or fees is fully disclosed to the client and where she believes that the purchase of the recommended insurance product is suitable and in the client's best interest.

The foregoing arrangement presents a conflict of interest to the extent the recommendation to purchase an insurance product may result in additional compensation being paid to Ms. Klein. Our clients are under no obligation to purchase any insurance products we recommend or to buy products through any specific insurance agency, agent, or insurance company. We disclose to clients any commissions that may be paid due to the recommendation and purchase of insurance products. We encourage you to ask us about the conflicts of interest presented by Ms. Klein's insurance licensure.

Except as indicated above, Ms. Klein is not actively engaged in any investment-related business or occupation other than her role as an investment advisor representative of Kaizen.

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

Other than as discussed above, Ms. Klein has no additional information relative to this item.

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

Ms. Klein is the sole managing member and Chief Compliance Officer of Kaizen. She remains aware of and keeps the firm in compliance with the current rules and regulations applicable to the firm's investment advisory business. While Ms. Klein is not subject to oversight by any other person at the firm, she remains bound by the firm's Code of Ethics and the Certified Financial Planner Board of Standards Code of Ethics. Ms. Klein can be reached by calling the telephone number which appears on the cover page of this Brochure Supplement.