



## Client Relationship Summary (ADV Part 3) – March 2023

**ITEM 1: INTRODUCTION** - Kaizen Financial Advisors, LLC (“Kaizen,” “we,” “our,” and “us”) is a Washington limited liability company registered as an investment advisor with the United States Securities and Exchange Commission (“SEC”). Investment advisory services and fees differ from brokerage services and fees and it is important for you to understand the differences. [Investor.gov/CRS](https://www.investor.gov/crs) is a website that provides free and simple tools to research firms and financial professionals. It also provides videos and educational materials that explain the difference between investment advisers and broker-dealers and provides general investing education. We encourage you to check out the site, watch the videos, and ask us questions to better understand how we work with clients. To start the conversation, see our question call-out boxes throughout this document.

### What investment services and advice do we provide?

**ITEM 2: RELATIONSHIPS AND SERVICES** - Kaizen offers tailored ongoing wealth and portfolio management services to retail investors. These services encompass financial advice covering a wide variety of topics as may apply to your unique financial circumstances and needs. Topics addressed may include, without limitation, investment management, proactive tax planning, estate planning, risk management, employee benefits planning and optimization, and real estate analysis. As part of a consultative process, we will meet with you, have you complete certain investment questionnaires, and provide us with additional documents and information which will assist us in understanding your financial goals, investment objectives, and limitations. We will document this information in a written investment policy statements (“IPS”) that identifies the asset allocation model we will use to manage your designated investment accounts, the specific accounts we are managing and any account restrictions, your expected withdrawals and deposits, and your commitments to save. The IPS is reviewed during our meetings and updated as your situation changes.

We will implement the selected asset allocation model within your designated investment accounts, monitor your investments on an ongoing basis, and rebalance or otherwise adjust your holdings as we believe to be in your best interests as necessary and appropriate. We manage client investments on a discretionary basis. This means that you authorize us to buy and sell investments within your account without obtaining your consent for each specific transaction. Although we primarily use exchange traded funds (“ETFs”) in client portfolios, we may offer advice on a variety of different types of securities. We do not impose a minimum account size.

Given my financial situation, should I choose an investment advisory service? Why or why not?

How will you choose investments to recommend to me?

What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

For more detailed information about our services, please **Item 4** of our Form ADV, Part 2A brochure (“**Brochure**”). Our **Brochure** can also be found here: [Kaizen Financial Advisors ADV Part 2A](#).

### What fees will I pay?

**ITEM 3: FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT** - We provide wealth and portfolio management services for a single, comprehensive fee. Our fee is based on a percentage of the value of your total assets under management with us. This fee starts at 1.00% and gradually drops to 0.15% for assets over \$25 million. We bill our fee quarterly in advance, usually by direct deduction from your designated investment account(s). Given the time and resources spent on initial planning and implementation, our minimum fee is \$1,250 per quarter or \$5,000 per year. Because we charge asset-based fees, the more assets we manage, the more you will pay in management fees. We therefore have a financial incentive to encourage you to increase the amount of assets we manage for you.

We offer hourly services in specific circumstances for a limited engagement. Administrative tasks (bookkeeping and organizational type tasks) are billed at \$150 per hour and higher level, financial consulting tasks (those performed by your advisory representative) are billed at \$400 per hour. Our fees are negotiable based on the circumstances.

In addition to our advisory fees, you will separately pay your proportionate share of all internal fund level costs and expenses associated with any mutual funds, ETFs, and other pooled investment vehicles held in your account. You will also pay all usual and customary transaction-based fees (brokerage fees and commissions), custodial charges, wire transfer fees, and other fees and taxes associated with activity and holdings in your account. We do not receive any portion of these fees.

**Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

*Keep in mind, you will pay fees and costs whether you make or lose money on your investments. Fees and costs reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Please Items 5 and 12 of our Brochure for more information.*

## **What are your legal obligations to me when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?**

*When we act as your investment advisor, we are a fiduciary. This means we act in your best interest and put your interest ahead of ours. At the same time, the way we make money creates some conflicts with your interests.*

The primary conflict of interest with asset-based fees structures is asset accumulation and retention. To illustrate, if you asked for a recommendation comparing paying down outstanding debt or making charitable contributions, versus keeping those funds in your accounts with us, there is an inherent conflict of interest in making the recommendation because we earn more advisory fees if you keep the assets in your account. We recommend Charles Schwab & Co., Inc. (“Schwab”) as our custodian and we receive benefits, such as access to research, technology services, and seminars through our relationship with them. This too can be construed as a conflict of interest.

In addition, our firm is licensed as an insurance agency and certain of our associated persons are licensed insurance agents. We may transact insurance business with clients and collect associated commissions and other compensation as a result of such transactions. We will only do so when all conflicts of interest are fully disclosed and when we believe our recommendations of insurance products to be in your best interests. You are never obligated to purchase insurance products from our firm or any of our associated persons.

**How might your conflicts of interest affect me, and how will you address them?**

Please Items 5 and 12 of our Brochure for more information.

## **How do your financial professionals make money?**

Our financial professionals are compensated with annual salaries and/or discretionary bonuses. Insurance licensed professionals and may also receive commissions as described above.

## **Do you or your financial professionals have legal or disciplinary history?**

**ITEM 4: DISCIPLINARY HISTORY** – Our financial professionals do not have a legal or disciplinary history. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research our firm and our financial professionals.

***As a financial professional, do you have any disciplinary history? For what type of conduct?***

**ITEM 5: ADDITIONAL INFORMATION** - For more detailed information about our investment advisory services, or to request another copy of this Relationship Summary or our Brochure, please contact us at (425) 321-5800 and speak to your advisory professional or our Chief Compliance Officer. You may also visit the SEC’s public disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Who is my primary contact person? Is he or she a representative of an investment advisor or a broker-dealer? Who can I talk to if I have concerns about the service I am receiving?**

### **SUMMARY OF MATERIAL CHANGES**

This Client Relationship Summary reflects the following material changes from the prior version of this document dated June 2020:

- Item 3 has been amended to reflect changes in the range of asset-based advisory fees we charge for wealth management services.
- Item 3 has been amended to reflect that we may charge hourly fees of up to \$400 for certain limited advisory engagements.