

Form CRS Disclosure
Prepared by Harbor Financial Group, Inc., DBA Harbor Wealth Management

Item 1: Introduction

March 29, 2022

Harbor Financial Group, Inc., DBA Harbor Wealth Management (“Harbor”) is a U.S. Securities and Exchange (“SEC) registered investment adviser (“RIA”). Harbor offers services including financial planning only engagements, divorce planning and investment management. Elyse D. Foster, CFP® is the principal owner of Harbor, which began operations in 1988.

Brokerage and investment advisory services and fees are different, and it is important for the retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers and investing.

Item 2: Relationships and Services

“What investment services and advice can you provide me?”

We are an independent advisory firm, offering investment advisory, financial planning, and divorce planning services to retail clients, which include individuals (other than high net worth), high net worth individuals, business owners and young professionals. Our services are based on the specific financial and personal needs of our clients.

As a fiduciary, we will exercise our best efforts to act in good faith and in the best interest of our clients. Our fiduciary standard applies to the entire client relationship, while the broker-dealer standard only applies when a recommendation is made. We are fee-only which means that we do not receive any compensation or other remuneration that is contingent on any client’s purchase or sale of a financial product. We will always act in good faith and with candor and be proactive in disclosing any conflicts of interest that may impact the client.

Harbor generally does not impose any requirements for opening or maintaining an account, such as a minimum account size. We advise our investment management clients on various types of financial products and investments available to them. Depending on the client’s risk profile, investment strategies will involve long-term investments for the purpose of growth, income or the preservation of existing assets with the objective of obtaining maximum return on investments without engaging in unsuitable speculation.

We monitor client accounts annually to confirm that portfolios are invested according to a client’s profile, which includes investment objectives, risk tolerance, asset allocation goals and time horizon. We have discretionary authority to manage our clients’ portfolios based on our client’s profile and rely on the client to notify us should material changes occur in his/her life.

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 can I expect to learn from a financial plan?

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

Item 3: Fees, Costs, Conflicts and Standard of Conduct

“What fees will I pay?”

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Harbor is a fee-only firm, only accepting compensation from assets under management and planning fees. Generally, fees for investment management of accounts are based on a percentage of the market value of assets under management including cash.

Harbor will charge fees in one of three ways for our financial planning services: Hourly, as a retainer or as a flat fee. The flat fee includes fees for assets under management. Harbor also offers a payment option in the form of a subscription fee.

Harbor may charge a fee for assets under management. Customarily, the fee is debited from the account quarterly. However, Harbor offers the option for you to pay the fees with funds directly outside of your assets under management accounts. Standard fees are calculated on a tiered structure as outlined in ADV Part 2A, Item 5 – Fees and Compensation. However, in some circumstances, the fees may be negotiable according to a variety of factors, such as size and type of account, complexity, etc. Harbor may elect to charge an annual minimum fee, based on a sliding scale of assets under management fee and financial planning fees.

A conflict of interest exists in that as you invest more assets in your account, you will pay more in fees, and Harbor may therefore have an incentive to encourage you to increase the assets in your account. While the percentage fee may decrease, the actual amount increases or may increase depending on the terms of your fee agreement.

Harbor's agreement with Schwab allows us to purchase mutual funds without loads, or sales fees. Fees you may pay include transaction fees paid to Schwab for when purchasing or selling specific mutual funds. The maximum fee is \$30 per ticket. An extra \$49.95 is charged for short-term redemption fees if applicable to the mutual fund being sold. Schwab also charges \$15 to \$25 for wires and \$50 per account when transferring account assets to another custodian.

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?

How do I close an account? What happens to fees I paid in advance?

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

When we act as your investment adviser, we must act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide to you. Here are some examples to help you understand what this means:

We typically deduct an assets under management fee from the amount you invest with us, leaving less of your portfolio to be invested. For example, if you invested \$10,000 and we deducted an annualized fee of 1.25%, or \$125, the remaining amount of \$9,875 would be available to be invested.

If you roll over a 401-k or other retirement account into a retirement that we will manage for you, you may pay more in fees than you did previously. These increased fees must be weighed against reasons in favor of the transfer such as a wider selection of investment options or the professional management of your account.

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

“How do your financial professionals make money?”

We are compensated with fees charged for asset management, investment advice and financial planning services. If you hire us for our financial planning or divorce services, we charge separate fees based on the time and complexity of your circumstances. All fees are communicated clearly and in writing.

Item 4: Do you or your financial professionals have legal or disciplinary history?

No. You will find free and simple search tools to research us at Investor.gov/CRS.

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

Item 5: Where may I find additional information?

You may obtain more information about us by reviewing our ADV Part 2A and visiting our website at www.harbor-wealthmanagement.com. You may also call us at 303-939-8788 to request up-to-date information and request a copy of Form CRS.

Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer? Who can I talk to if I have concerns about how this person is treating me?