

Kasanow & Associates: Life Planning &
Wealth Management

3268A Paty Drive

Honolulu, Hawaii 96822

(808) 988-1311 or (808) 382-1511

<http://www.kasanowandassociates.com/pages/index.htm>

ADV Part 2

February 16, 2011

This ADV Part 2 brochure provides information about the qualifications and business practices of Harry G. Kasanow, CFP® d/b/a Kasanow & Associates: Life Planning & Wealth Management (K&A). If you have any questions about the contents of this brochure, please contact us at (808)-988-1311 or hk@hawaiiantel.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about K&A is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This brochure dated February 16, 2012 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that you receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information.

Our brochure may be requested by contacting Harry G. Kasanow, CFP® at (808) 988-1311 or hk@hawaiiantel.net . Our brochure is available on our web site <http://www.kasanowandassociates.com/pages/index.htm>. Additional information about Kasanow & Associates: Life Planning & Wealth Management is available on the SEC’s web site www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

Firm Description

Harry G. Kasanow, CFP® has been providing financial advisory services to his clients since April 1985, and doing business as Kasanow & Associates: Life Planning & Wealth Management since April 1994. An initial consultation is offered free of charge to determine the extent to which investment management and financial planning services may be beneficial to the client.

Investment Management

Investment management services involve the management of client funds using open-ended mutual funds, exchange-traded funds, stocks, bonds, and other publicly offered securities traded for each client on a non-discretionary basis by the advisor. The client determines which investments they will own and when they are bought and sold. Currently, six different K&A investment models are offered and include: Very Aggressive, Aggressive, Moderate, Conservative, Income/Retired and Defensive. Each model contains specific securities and percentage amounts for that risk preference. The selection of a K&A investment model is determined by each client and hence the securities they will own within each model and what percentage of each will be owned. The advisor has the discretion to change the asset allocation structure within each model at any time and will consult with each client either by email or phone to notify them of such changes.

As of December 31, 2011, K&A managed approximately \$53,000,000 on a non-discretionary basis for its investment management clients.

Financial Planning

The firm provides financial planning services which may be either broad-based or more narrowly focused depending on the client's needs and wishes. Advice is offered on subjects including cash flow and debt management, risk management, college funding, retirement and estate planning, tax planning strategies, stock option exercise, real estate investment, and other specific guidance as indicated by the client. Such services typically involve providing a range of advice to clients regarding the management of their financial resources, based upon the analysis of their individual needs, risk temperament, and time horizon. When financial planning services focus only on certain areas of client interest, the client must understand that their overall financial situation may not be fully addressed due to limitations they have established. Engagements involving financial planning services generally conclude upon delivery of the advice or six months from the presentation of the

plan. The scope and duration of the engagement will be detailed in the K&A Financial Planning Agreement. Clients should understand that effective financial planning requires a commitment of time on their part. Future periodic reviews are recommended, and it is the client's responsibility to initiate these meetings.

Item 5 – Fees and Compensation

Financial Planning

Clients will be charged in one of two ways as stipulated in the engagement agreement:

Hourly fee: For general consulting services the fee is \$375 per hour depending upon the complexity of the work required. The number of hours to complete the plan will be estimated and will depend on the level and scope of services required. Hourly fees will be billed on a monthly basis after services have been rendered. A retainer equal to four hours of work will be required upon signing of the engagement agreement and prior to the commencement of any work.

Fixed fee: For financial planning clients, a pre-negotiated fixed fee will be charged and will be \$6,000. Clients will be given a financial planning questionnaire and a risk tolerance profile to be completed and followed with a review session with the advisor. Services provided under either fee arrangement and the anticipated fee range will be detailed in the written engagement agreement. Prepayment of one-half of the fixed fee will be required upon signing of the engagement agreement and completion of the questionnaire by the client.

All fees are negotiable and will be decided mutually between the advisor and the client prior to the commencement of any work. Client may terminate a financial planning engagement prior to the completion of work by giving the Advisor written notice of intent to terminate. Advisor will refund the balance, if any, within ten (5) business days of notice, after deduction at hourly rate for any work completed.

These plans are written by Naomi Scrivener, CFP® who provides outsourced financial planning services from her business in Texas to other financial professionals. She is compensated for her services in preparing this document. Her fees vary based on the complexity of the client case.

Investment Advisory Services

Kasanow & Associates: Life Planning & Wealth Management will provide asset advisory and monitoring services as requested by the client after completion of a financial plan or for a Qualified Retirement Plan (QRP). The service will assist the client with the implementation of recommendations, provide follow-up on completion of actions, and

provide the client with a quarterly statement of the value of the assets being monitored. All accounts advised upon will be non-discretionary, with limited power of attorney, with actions approved by the client as stated in an Investment Policy Statement (IPS) reflecting the client's investment objectives, time horizon, risk tolerance as well as policy or investment constraints. The IPS will be designed to be specific enough to provide ongoing guidance while concurrently allowing flexibility to respond to changing market conditions. Since the IPS will to a large extent be a product of information and data provided by the client, the client shall be responsible for review and final approval of the statement. When agreeable to the client assets will custody at TD Ameritrade Institutional (TDA). The specific manner in which fees are charged by Kasanow & Associates: Life Planning & Wealth Management is established in a client's written Wealth Management Agreement with Kasanow & Associates: Life Planning & Wealth Management. Clients will authorize TDA to deduct asset management fees from their brokerage accounts to compensate Kasanow & Associates: Life Planning & Wealth Management for their investment advisory services. Clients may incur certain charges imposed by custodians, brokers, third party investment, such as custodial fees, odd-lot differentials, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Kasanow & Associates: Life Planning & Wealth Management fee and Kasanow & Associates: Life Planning & Wealth Management shall not receive any portion of these commissions, fees, and costs. Kasanow & Associates: Life Planning & Wealth Management current fee schedule is as follows:

Value of Account	Quarterly Fee	Annual Fee
Under \$500,000	.3125%	1.25%
\$500,000 to 999,999	.250%	1.00%
\$1,000,000 to 2,999,999	.2125	0.85%
\$3,000,000 to 4,999,999	.1875	0.75%
Over \$5,000,000	.1250	0.50%

For managing investments, an advisory management fee is assessed in advance each calendar quarter based on the value of the portfolio on the last day of the previous quarter. Fees will be prorated for partial quarters. Investment management fees are intended to compensate the advisor for his services and are in addition to and not part of, any other costs or transaction charges associated with the acquisition or ownership of assets.

Minimum investment size for new clients is \$500,000. This may be altered at the advisor's discretion. Clients have five business days after signing an agreement to cancel it, without penalty. Cancellation notice can be in writing, verbal, or email. After five business days, clients may terminate the contract and all pre-paid fees, less costs for services already

performed, and expenses incurred, will be refunded. Investment management fees are subject to negotiation.

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

Kasanow & Associates: Life Planning & Wealth Management does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Kasanow & Associates: Life Planning & Wealth Management provides portfolio management services to individuals, high net worth individuals, trusts, estates, corporations, pensions and profit sharing plans, as well as other business entities. The minimum investment size for new clients is \$500,000. This may be altered at the advisor's discretion.

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

Currently, six different Kasanow & Associates: Life Planning & Wealth Management investment models are offered and include: Very Aggressive, Aggressive, Moderate, Conservative, Retired/Income and Defensive. The selection of a Kasanow & Associates: Life Planning & Wealth Management investment model is determined by each client. The advisor has the discretion to change the asset allocation structure within each model at any time and will notify the clients by phone or email. Each asset allocation model uses a range of securities selected based on fundamental analysis, technical analysis, cyclical analysis, and asset allocation modeling. Multiple asset classes of investment including equities, fixed income, and alternatives will be selected in varying percentages for each client depending on the model chosen. Individuals may hold investments including stocks, mutual funds, exchange traded funds, over-the-counter, foreign issued, municipal, and corporate debt securities, commercial paper, certificates of deposit, mutual fund shares, variable annuities, variable life insurance and government securities. Information about investments is gathered from a combination of financial publications inspections of corporate activities, research material prepared by third parties, corporate rating services, annual reports, prospectuses, and SEC filings. The particular securities used in an asset class may be changed after due diligence has been done in researching any new securities.

Investing in securities involves risk of loss that clients should be prepared to bear. Kasanow & Associates: Life Planning & Wealth Management does not guarantee performance or results. Clients may receive a prospectus for certain investments in their portfolio. The prospectus will outline the principle risks of investing in that particular security. Some of the risks may include:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Government/Political Risk:** Usually associated with investments made internationally in foreign securities or those invested in emerging markets. Since political instability may sometimes cause these markets to fluctuate.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Kasanow & Associates: Life Planning & Wealth Management and the integrity of Kasanow & Associates: Life Planning & Wealth Management. Harry G. Kasanow, CFP® has been involved in one legal dispute with a former client over ten years ago. The case was settled in arbitration in Honolulu, Hawaii. The client who was a Korean/American who claimed they did not understand the risk they had agreed to taking (by signing their K&A Wealth Management Agreement) in their portfolio when the markets declined between 2000-2002. The advisor's Errors & Omissions insurance company settled with the client and their attorney to their satisfaction. The settlement was sealed and neither Harry G. Kasanow, CFP® nor Kasanow & Associates: Life Planning & Wealth Management was found guilty of any wrongful action against the client.

Item 10 – Other Financial Industry Activities and Affiliations

Kasanow & Associates: Life Planning & Wealth Management is not registered as a securities broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities and has no intention of registering as such.

Kasanow & Associates: Life Planning & Wealth Management has soft-dollar arrangements with some mutual fund companies that help sponsor the annual Kasanow & Associates: Life Planning & Wealth Management Client Appreciation Dinner usually attended by 100 clients. Any sponsorship contributions made are paid directly to the restaurant or hotel where the event takes place and not directly to Kasanow & Associates: Life Planning & Wealth Management. TD Ameritrade Institutional holds an annual investment advisory conference that Harry G. Kasanow, CFP® attends at no cost. He is entitled to meals and beverages provided in full at the conference that usually lasts three to four days. He must pay for his own hotel room charges and transportation to and from the conference. There are no other arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

Item 11 – Code of Ethics

The advisor maintains a Code of Ethics which is modeled on the Financial Planning Association Code (FPA). This code consists of the following core principles:

1. Integrity: The advisor will offer and provide professional services with integrity.
2. Objectivity: The advisor will be objective in providing professional services to clients.
3. Competence: The advisor will provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which he is engaged.

4. Fairness: The advisor will perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers and shall disclose conflicts of interest in providing such services.
5. Confidentiality: The advisor will not disclose any confidential client information without the specific consent of the client unless in response to proper legal process, to defend against charges of wrongdoing by the advisor or in connection with a civil dispute between the advisor and the client.
6. Professionalism: The advisor's conduct in all matters shall reflect credit upon the profession.
7. Diligence: The advisor shall act diligently in providing professional services.

A full copy of our Code of Ethics will be provided to any client or prospective client upon request.

Item 12 – Brokerage Practices

Kasanow & Associates: Life Planning & Wealth Management may recommend discount brokerage firms, though the broker-dealer for client transactions is ultimately up to the client, as recorded in the Investment Policy Statement. Our recommendation of any particular broker-dealer is based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. Kasanow & Associates: Life Planning & Wealth Management receives no fees, commissions, or referrals from any broker-dealer or custodian.

Kasanow & Associates: Life Planning & Wealth Management defines best execution as the best price that may be obtained on a trade consistent with the integrity and financial responsibility of the brokerage firm and the advisor's fiduciary responsibility to the client. K&A does not receive any portion of the transaction fees or commissions paid by the client to the brokerage firm on certain trades.

Kasanow & Associates: Life Planning & Wealth Management may be granted access to third party and/or proprietary research from broker-dealers and other investment companies because they serve as custodian for client assets. This may be considered a conflict of interest although the advisor may use this research in security selection to the benefit of all clients. Additionally, Kasanow & Associates: Life Planning & Wealth Management uses its

own research from a variety of sources, from which all clients benefit. Kasanow & Associates: Life Planning & Wealth Management chooses custodians based solely on best execution.

Kasanow & Associates: Life Planning & Wealth Management does not use soft dollar commissions to offset the cost of any research or services from broker-dealers. The only research or services used by Kasanow & Associates: Life Planning & Wealth Management exclusive to a particular broker-dealer is offered to any investment advisor using that particular broker-dealer.

In the event that we can achieve best execution through aggregation of orders, we will choose to aggregate certain equity trades if and when it is in the best interest of a client.

Item 13 – Review of Accounts

The advisor reviews accounts on an ongoing basis and makes changes for a variety of reasons, including: changes in client goals, the economy and investment markets, performance of securities, tax law changes, trends that may require rebalancing. Only the advisor, Harry G. Kasanow, CFP® performs reviews. All rebalancing is discussed with clients by email or a phone call.

Reporting is provided monthly by the custodian (TD Ameritrade Institutional)/investment companies and includes statements of positions, transactions, dividend/income activity, and fee reporting.

Performance reporting is provided quarterly by the advisor and includes: Time Weighted Rates of Return for various periods of time, summary of positions owned, cost basis, reinvested dividends, gains/losses YTD and a management fee invoice for the next quarter (if appropriate-as most Qualified Group Pension Plans pay participant's fees). These reports are provided to clients three ways: on a secure website where they must login, by email and for those without computers, through the US mail. Harry G. Kasanow, CFP® writes a quarterly newsletter for clients *Currency* which is also sent to clients by email and can be viewed on their website

http://www.kasanowandassociates.com/pages/f_currency.htm.

Kasanow & Associates: Life Planning & Wealth Management emails clients monthly an update on the financial markets, state of the global economy, other financial news and a Morningstar report showing their mutual fund and exchange traded fund performance for various periods of times and indexes to compare portfolio managers performance based

against an appropriate measuring index. (ie. S&P 500, Russell 2000, MSCI EAFE, Barcap Aggregate Bond, DJ UBS Commodity Trust, NaREIT Index)

Item 14 – Client Referrals and Other Compensation

Kasanow & Associates: Life Planning & Wealth Management does not compensate nor receive compensation for any client referrals.

Item 15 – Custody

Kasanow & Associates: Life Planning & Wealth Management does not accept physical custody of client assets, including the receipt of securities, cash or checks at any time, except for clients that elect to pay their management fee by check, as exempted by SEC Rule. Clients will receive at least monthly statements from the broker-dealer or other qualified custodian (TD Ameritrade Institutional) that holds and maintains client's investment assets. Kasanow & Associates: Life Planning & Wealth Management urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The custodian's statements (TD Ameritrade) are deemed to contain the correct information if there is any discrepancy.

Item 16 – Investment Non-Discretionary

Kasanow & Associates: Life Planning & Wealth Management receives non-discretionary authority from the client at the outset of an advisory relationship. Client selects the K&A Model Portfolio that matches their risk preference, time horizon and other long-range financial planning considerations. (not limited to but may include current economic conditions, interest rates, inflation and world political affairs) This determines the identity and amount of securities to be bought or sold. In all cases, however, such non-discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Kasanow & Associates: Life Planning & Wealth Management observes the Investment Policy Statement, limitations and restrictions of the clients for which it advises. The securities held within each portfolio, will be defined by the K&A Model Portfolio that the client selects. For registered investment companies, Kasanow & Associates: Life Planning & Wealth Management's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Kasanow & Associates: Life Planning & Wealth Management in writing by the client.

The client has discretion to determine which securities are to be bought and sold, and the amount of securities to be bought and sold for each of their accounts. This will also be determined by which K&A Model Portfolio they choose.

Each client will appoint Kasanow & Associates: Life Planning & Wealth Management as a limited power of attorney through the custodian (TD Ameritrade Institutional), authorizing Kasanow & Associates: Life Planning & Wealth Management to make trades on their behalf.

Item 17 – Voting *Client* Securities

Each client must vote their own proxies. Kasanow & Associates: Life Planning & Wealth Management does not use any third-party proxy voting services nor does it offer any proxy voting advice unless requested by a client.

Item 18 – Financial Information

Kasanow & Associates: Life Planning & Wealth Management does not have any financial impairment that will preclude the firm from meeting contractual and fiduciary commitments to clients.

A balance sheet is not required to be provided because Kasanow & Associates: Life Planning & Wealth Management does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$3,000 per client and six months or more in advance.

Item 19 – Requirements for State-Registered Advisers

Harry G. Kasanow, CFP®

Educational Background:

- Rhode Island College, 1974, B.A.- Elementary Education/Language Arts
- Rhode Island College, 1976, M.ED. – Elementary Education/Gifted & Talented
- College for Financial Planning, 1991, CFP® (Certified Financial Planner)

Business Experience:

- Teacher: Grades 3-6 at The Wheeler School, Grayland Country Day & Yale Elementary 1974-1984
- Independent Investment Advisor, 1985 – 1994
- Kasanow & Associates: Life Planning & Wealth Management, 1994 - present
 - Investment Advisor and Financial Planner