

# **Creative Wealth Strategies Inc**

## **A Registered Investment Advisor**

### **Firm Brochure**

**Creative Wealth Strategies**  
**11132 Commerce Lane N**  
**Champlin MN 55316**

**Phone: 763-576-0501**

**Fax: 763-576-0520**

**Web [www.creativewealthstrategies.com](http://www.creativewealthstrategies.com)**

**e-mail [bhansen@creativewealthstrategies.com](mailto:bhansen@creativewealthstrategies.com)**  
**[dmilliman@creativewealthstrategies.com](mailto:dmilliman@creativewealthstrategies.com)**

**This brochure provides information about the qualifications and business practices of Creative Wealth Strategies Inc.**

**Creative Wealth Strategies also does business as Adams-Hansen & Associates, for more information go to [www.adamshansen.com](http://www.adamshansen.com)**

**If you have questions about the content of this brochure, please contact us at 763-576-0501 or [bhansen@creativewealthstrategies.com](mailto:bhansen@creativewealthstrategies.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.**

**Additional information about Creative Wealth Strategies can be found at [www.creativewealthstrategies.com](http://www.creativewealthstrategies.com)**

**The term “registered” within Registered Investment Advisor in no way implies any unique skills or training other than that required to be a Registered Investment Advisor**

**Amended October 13, 2011**

**Material Changes: There are no material changes in this brochure**

## Table of Contents

Description of advisory business	1
Fees and Compensation	2
Performance based fees and side by side management	3
Types of clients	4
Methods of analysis, Investment Strategies and Risk of Loss	4
Disciplinary Information	4
Other Financial Industry Activities and Affiliations	5
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	5
Brokerage Practices	6
Review of Accounts	6
Client Referrals and other compensation	7
Custody	7
Investment Discretion	7
Voting Client Securities	7
Financial Information	7

## **Description of Advisory Business**

Creative Wealth Strategies (CWS) is an independent financial advisory firm located in Champlin Minnesota.

We provide advice regarding estate planning, both from a taxation and language perspective (meaning we help people design will and trust language to facilitate their personal and financial goals).

Also, we help people, companies, charities, government and non governmental entities determine the most effective way to purchase, pay for, and own life and long term care insurance.

We help individuals and families design and implement intelligent income plans, which usually will utilize the assets they have accumulated in such a way as to minimize their taxes and fees, while controlling or maintaining their risk.

We also design, monitor, rebalance and reallocate portfolios based on Modern Portfolio Theory (MPT). MPT was discovered and refined by several academics starting in 1950 and proceeding until today. In 1990 three of these professionals were awarded the Nobel Prize for their efforts: in 1994 the Uniform Prudent Investor Act was restated due to this empirical body of work. We attempt to employ the approaches of both MPT and the UPIA to the best of our ability and understanding. (MPT is covered in more detail in the section on investment strategies page 4 Occasionally we help executive deal with stock and options exercises, the creation of 105b1 plans (orderly, disclosed exit for insiders), non qualified deferred compensation and other specific services unique to their employer's options.

Financial and investment plans are tailored to your specific needs. Actual portfolio management is performed within a small number of accounts created to match certain risks. Your portfolios, when managed by Creative Wealth Strategies will be managed based on one or more of these risk based constructs.

CWS will manage advisory accounts ("Accounts") primarily on a discretionary basis, but will also manage accounts on a non-discretionary basis. Account supervision is guided by the stated objectives of the client (i.e., capital appreciation, growth, income, or growth and income.) The client retains the right to modify Account Objectives at any time by providing written notice of such changes to CWS. The Advisory Representative will periodically request and review updates to a client's Investment Information to assist in managing or supervising the client's Account, and to determine any necessary changes to the management of the client's Account. The portfolios will be maintained in a brokerage account established at one of several broker-dealers with which CWS has established a relationship.

Accounts managed by CWS on a discretionary basis will be continuously monitored and modifications to investments may be made based on economic and market conditions or to periodically realign the portfolio according to the client's current allocation plan, investment objectives, time horizon and risk tolerance. Accounts managed on a non-discretionary basis are also regularly monitored and recommendations made to the client. Accepted recommendations are then executed by the Advisory Representative.

CWS currently manages virtually all of its accounts on a discretionary basis and as of Feb 1 2011 has roughly \$36,000,000 under management in this fashion.

CWS will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will CWS accept or maintain custody of a client's funds or securities except for authorized fee withdrawals. The Client gives the firm written authorization to withdraw fees directly from the account, per the contract.

## **Fees and Compensation**

For our asset management services, we charge an advisory fee based on a percentage of the total market value of your Account(s) under management on the last trading day of each calendar quarter, unless specified otherwise in the Advisory Services Agreement. Fees are billed quarterly in advance, and are due and payable upon the custodian's receipt of CWS's invoice.

Our standard fee schedule is negotiable at our discretion. As a result, clients with similar assets may have differing fee schedules. The same or similar investment advisory services may be available from other investment advisers for a lower or higher fee.

CWS will provide investment advisory services to clients for a percentage of assets under management. Pursuant to an investment advisory contract signed by each client, the client will pay Creative Wealth Strategies Inc a quarterly Management Fee, payable in advance, based on the amount of the assets to be managed by the adviser as of the opening of business on the first business day of each quarter. The customary fee charged to clients is as follows:

Implementation and set up fee:

4% of invested assets

### **Total Account Value Fee**

Individual accounts 1%

ERISA accounts .4%

501c 3 corporations .5%

CWS fees in excess of 2% may be higher than fees normally charged in the industry and other investment advisers may provide the same or similar service for a lower fee. These fees may be negotiated at the sole discretion of the adviser. Asset management fees will be automatically deducted from the client account on a quarterly basis by the custodian.

CWS will provide the client a quarterly statement showing how the fee was calculated and the custodian will provide a statement that reflects all disbursements. Fees will be withdrawn upon custodian's receipt of CWS's invoice. It is the client's responsibility to verify the accuracy of all fees withdrawn by the custodian.

## ***Termination and Refund of Unearned Fees***

Clients may request to terminate their advisory contract with CWS, in whole or in part, by providing written notice via regular mail. The date of receipt by CWS will be considered the date of termination of the contract. Upon termination, any fees paid in advance will be prorated to the

date of termination and any excess will be refunded to client. The Client's advisory agreement with CWS is non-transferable without the Client's written approval.

All fees paid to CWS for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders and the fees charged by product sponsors in the case of variable insurance products. These fees and expenses are described in each fund's or variable product's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the sponsor also imposes sales charges, a client may pay initial or deferred sales or surrender charges. Custodial fees, including account termination fees, may also be incurred by the client. No commissions will be earned by the adviser regardless of who is employed as custodian. In the remote instance a commission is charged, the advisory fee, with the written consent of CWS, may be reduced on a pro-rata basis to offset these commissions. A client could invest in these products directly, without the services of Creative Wealth Strategies. In that case, the client would not receive the services provided by CWS which are designed, among other things, to assist the client in determining which products or services are most appropriate to each client's financial condition and objectives. Accordingly, the client should carefully review both the fees charged by the product sponsor and the fees charged by CWS to fully understand the total fees to be paid.

### ***Financial Planning Services***

In addition to investment supervisory services, CWS provides Financial Planning Services to some of its clients. The adviser's Financial Planning services may include recommendations for portfolio customization based on the client's investment objectives, goals and financial situation. Financial Planning Services may also include recommendations related to investment strategies as well as tailored investment advice addressing one or more issues of concern to the Client. Fees are billed at a rate of no more than \$500.00 per hour and are paid as services are rendered. Fees are negotiable at the discretion of CWS. Investment Adviser Representatives of CWS provide general non-securities advice on topics including tax planning, estate planning, business planning, retirement planning, education planning, budgeting and cash flow, and/or fringe benefit analysis. Usually people pay in the form of an engagement or project fees. These fees range from \$2,500 to \$25,000. Often the fee for financial planning services is reduced, altered or waived based on asset under management fees. CWS takes into consideration the expected time involved in developing and launching the larger financial plan, considers potential asset based fees and develops its planning fees accordingly. Fees are negotiable at the discretion of CWS.

### **Performance based fees and side by side management**

Creative Wealth Strategies does not charge based on, or participate in, performance based fees. Some advisors allow themselves the ability to be compensated based on a portfolios growth; this is often the case in hedge funds or other "non-typical" portfolio types. This is well outside of Creative Wealth Strategies skill set.

## **Types of clients**

Creative Wealth Strategies serves the gambit of client types including: Families, individuals, corporations, trusts, profit sharing plans, pensions, charitable organizations and trusts, municipalities and other governmental entities.

There is not a specific account minimum but from a practical perspective new accounts generally need to be in excess of \$50,000 in order to be cost effective.

## **Methods of analysis, Investment Strategies and Risk of Loss**

Accounts managed by CWS on a discretionary basis will be continuously monitored and modifications to investments may be made based on economic and market conditions or to periodically realign the portfolio according to the client's current allocation plan, investment objectives, time horizon and risk tolerance. Accounts managed on a non-discretionary basis are also regularly monitored and recommendations made to the client. Accepted recommendations are then executed by the Advisory Representative.

CWS manages portfolios utilizing mutual funds, exchange traded funds, or separate accounts within variable insurance products (annuities and life insurance). CWS selects funds based on asset classes held, style purity, price, performance versus applicable indices and lastly performance against its peers. The blending of these funds is intended to create an asset mix that is efficient based on the risk being taken. The initial portfolio and the subsequent realignment are intended to perform Modern Portfolio Theory to the best of our ability and understanding. Essentially we create the initial ideal blend, then on quarterly bases, sell the portions (asset classes) of the portfolio that have increased in relative terms in order to purchase those that have decreased on a relative basis. We do this indefinitely, occasionally moving a client up or down the risk curve based on their facts and circumstances. When a clients risk tolerance changes they may move to another portfolio within the platform, there will be no implementation or execution fees and or commissions to any party for these transfers. It is important to note a few things: a) when we perform the activities described we incur trade expenses on your behalf (\$5.00 per trade) this effects your return in some way b) the act of selling rising asset classes can have a dampening effect on portfolio growth in steadily rising markets c) None of our activities insures you will not lose money, there will be periods where substantial losses are likely to occur. In fact one of the primary drivers of developing a client's risk tolerance is developing an understanding of the size of any likely one year loss. Our platform attempts to manage risk, not avoid it. The client is encouraged to notify CWS and the IAR promptly if changes occur in his/her personal financial situation that might affect his/her investment plan.

## **Disciplinary Information**

Neither Creative Wealth Strategies or its owners or affiliates have had any disciplinary action of any kind since beginning the delivery of financial services in 1995.

## **Other Financial Industry Activities and Affiliations**

Creative Wealth Strategies Inc maintains a relationship Centaurus Financial, a Registered Broker Dealer in Anaheim California as a Registered Representative, maintaining the appropriate licenses, some of which will be included within Robert Brook Hansen's education disclosure.

We have a close working relationship with financial planner and investment advisor Eugene "Rick" Adams of Business Benefit Finance and together we do business as Adams-Hansen & Associates as well as our own firm names. We work with Union Bank & Trust (UBTrust) serving them in Irrevocable Trust compliance as they serve us as custodians, we employ multiple independent insurance agencies in the delivery of property casualty, life and disability insurance. All of these relationships enhance the client result and create no unique conflicts of interest other than the facilitation of activities that may cause commissions to be paid to the Investment Advisor Representatives

### **Code of Ethics and Professional Conduct**

As providing financial services has the potential to create conflicts of interest, CWS has established a Code of Ethics and Professional Conduct in accordance with Rule 204A-1 of the Investment Advisers Act of 1940, which reflects the fiduciary obligations CWS, its officers and employees have to clients. All employees and Advisory Representatives must be familiar and fully comply with this Code.

Following are highlights from this Code:

1. To act in a professional and ethical manner at all times.
2. To act for the benefit of clients.
3. To act with independence and objectivity.
4. To act with skill, competence, and diligence.
5. To communicate with clients in a timely and accurate manner.
6. To comply with federal securities laws and to uphold the applicable rules governing capital markets.

CWS has established the following additional conduct rules for to itself, its officers, members and employees: It is the express policy of CWS that no person employed by CWS may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. As these situations represent a conflict of interest, CWS has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) An officer or employee of CWS shall not buy or sell securities for their personal; portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment or possession of material non-public information. No person of CWS shall prefer his or her own interest to that of the advisory client.
- 2) CWS maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of CWS
- 3) All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.



4) CWS requires that all individuals must act in accordance with all applicable Federal and State regulation governing registered investment advisory practices.

5) Any individual not in observance of the above may be subject to termination or other sanctions.

A complete copy of the Firm's Code of Ethics and Professional Conduct is available upon request.

## **Brokerage Practices**

We utilize Union Bank & Trust (UBTrust) as our custodian for client accounts not held directly with the "vendor/sponsor" ie: Met Life et al. They also effect trades on behalf of our clients within Mutual Fund Accounts or the direct purchase of private placements. Purchases of securities in any form that generates a commission we utilize the administration and compliance services of our Broker Dealer, Centaurus Financial. When reallocating separate accounts within variable insurance products we interact directly with the firm involved. UBTrust effects initial investments and reallocations per our instructions. Since we use funds that have no commissions of any type there are no mark ups, mark downs, shelving fees or any other compensation to be shared by anyone with Creative Wealth Strategies by the party providing the service. The exception; If UBTrust receives monies to be invested in an account a few days prior to Creative Wealth Strategies completing a reallocation, we would direct them to hold the funds in a selected money market account until the reallocation takes place, sparing the client an "extra" group of transaction fees. When this happens a small amount of money may be paid to UBTrust. If so, *none of this compensation* is shared with Creative Wealth Strategies *but* there is a commission generated.

If a client requests that we use a broker dealer that is different than our referred broker dealer/custodian Creative Wealth Strategies reserves the right to accept or reject the delegation. If accepted, understand the Creative Wealth is not in control of their trade expenses, execution, et al.

## **Review of Accounts**

Investment accounts are reviewed quarterly at minimum, more frequently if market conditions are extremely volatile or fund managers have drifted away from their holding criteria. Financial plans are reviewed annually or as needed, but are often managed on an ongoing basis, where review is not the correct term. Clients receive reports for virtually all transactions as they occur when within a variable insurance product. The UBTrust platform incorporates all activity into a single quarterly report. Creative Wealth bills all accounts quarterly on a forward moving basis and clients receive this statement as well as an annual summary as the billing (or yearend) occurs. Occasionally we communicate in a more general way to all managed clientele.

## **Client Referrals and other compensation**

Creative Wealth Strategies does not receive compensation for referrals from any source in relation to investment advisory services. This is not always the true within the realm of insurance. It would be normal and customary to share in the compensation of insurance policies created. It is, at times, in the best interest of the client that a third party performs the required service and “splitting the case” is how this is accommodated.

Creative Wealth Strategies does have relationships with other professional firms whereby Creative Wealth Strategies may *pay* someone (solicitor is the jargon) for a referral to Creative Wealth Strategies provided the solicitor and Creative Wealth Strategies meet all of the requirements of SEC rule 206(4)-3 and its subsections. In this case the client shall receive a plain English solicitor disclosure per said rule.

### **Custody**

Creative Wealth Strategies will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will Creative Wealth Strategies accept or maintain custody of a client’s funds or securities except for authorized fee withdrawals. The Client gives the firm written authorization to withdraw fees directly from the account, per the contract

### **Investment Discretion**

For those accounts managed by Creative Wealth Strategies on a discretionary basis, the firm generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client; however, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Creative Wealth Strategies. Discretionary authority will only be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client’s execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Creative Wealth Strategies will be in accordance with each client’s investment objectives and goals.

### **Securities Proxy Voting**

Creative Wealth Strategies will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, Creative Wealth Strategies cannot give any advice or take any action with respect to the voting of these proxies. The client and Creative Wealth Strategies agree to this by contract. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Also, Creative Wealth Strategies cannot give any advice or take action with respect to the voting of these proxies

### **Financial Information**

Creative Wealth Strategies does not meet the requirements for disclosing Financial Information.