



Form CRS Relationship Summary

Grunden Financial Advisory, Inc.

March 2, 2023

Grunden Financial Advisory, Inc. (Grunden) is registered with the Securities and Exchange Commission as an investment advisor. Investment advisory and brokerage services and fees differ and it is important understand the difference. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisors, and investing.

What investment services and advice can you provide me?

Grunden offers investment advisory to retail investors. The principal investment advisory services we offer are: Wealth Management (WM) and Wealth Builder Challenge (WBC). The WBC is for clients who aren't yet millionaires but want to be there one day and the WM offering is for those with \$1MM of assets under management. Our minimum investment account size is generally \$1,000,000. Each offering includes investment management and aspects of the seven steps of the financial planning process. We do not restrict our advice to limited types of products or investments. We generally manage your portfolio by allocating assets among individual stocks and bonds by using ETF's and mutual funds.

We monitor retail investors' investments on a regular basis as part of our standard services. We manage accounts on a discretionary basis allowing Grunden to buy and sell investments in client accounts without asking clients in advance.

More information about our services can be found on the [Form ADV, Part 2A](#), items 4 and 7, found on pages 5 and 13, which is available online at: <https://adviserinfo.sec.gov/firm/summary/111595>.

Conversation Starters

- 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?

What fees will I pay?

We are compensated for investment advisory services by a percentage of assets under management annual fee, which is negotiable and varies between 1.50% and .25% depending upon the market value of the assets under management. Fixed fees only come into play for clients in the Wealth Builder Challenge service offering whose assets are below \$333,333. In that case, we charge a \$5,000 annual fee payable up front and a monthly fee of \$417 in subsequent years until their account exceeds \$333,333.

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. We expect the value you receive will exceed over all fees paid. More information about our fees can be found on the [Form ADV, Part 2A](#), items 5.A., 5.B., 5.C., and 5.D. found on pages 8-11.

The more assets in a retail investor's advisory account, the more a retail investor will pay in fees, and Grunden may therefore have an incentive to encourage the client to increase the assets in his or her account. A simple example is if someone buying a house should pay cash or not. If cash, money will come out of the client's account and reduce the fee. If a mortgage, cash is kept in the investment account for growth and clients' fees don't reduce.

The primary investments we value impose fees that will reduce clients' investments over time. For example, mutual funds contain an internal expenses ratio. Our typical portfolio contains an internal expense ratio of 0.28%. Meaning the mutual fund company will be paid \$28 for every \$10,000 invested, which is considered below average for mutual funds. Clients pay transaction-based fees when they buy and sell a mutual fund in addition to the firm's principal fee it charges for advisor accounts. Our preferred custodian, TD Ameritrade, will assess a trade fee of up to \$25 per fund. However, our trade arrangement with TD allows us to split the trade fee between clients.

The amount paid to our firm and your financial professional generally does not vary based on the type of

Conversation Starters

- 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?

investments we select on your behalf. The asset-based fee reduces the value (and returns) of your account and will be deducted from your account.

Our fees follow our fee schedule; however, we reserve the right to vary them based on circumstances. We may, in our sole discretion, charge a lesser or greater fee based on the scope of work, future earnings capacity, additional assets, or other criteria.

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 have to act in your best interest and not put our interest 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 you. Here are some examples to help you understand what this means.

- We recommend that you establish an account with a third-party independent custodian. Economic benefits are received which would not be received if Grunden did not give investment advice to clients. These benefits include but are not limited to: electronic access to duplicate client confirmations and statements; access to a trading desk serving custodial services participants (Grunden) exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; receipt of compliance publications; and access to mutual funds which require significantly higher minimum initial investments or are available only to institutional investors. These arrangements present a conflict of interest in that we have a financial incentive to recommend that you maintain your account with the custodian for the availability of these products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by the custodian.
- Insurance advice may be given to clients but only in the Associate’s capacity as a licensed insurance agent. This may present a conflict of interest because our Associates may receive compensation from insurance companies in the form of commissions for selling such products. These charges are entirely separate from the fees charged for the financial plan itself. Clients may choose any insurance agent or investment advisor to implement the recommendations made in the financial plan.

Conversation Starters

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

More information about conflicts of interest can be found on the [Form ADV, Part 2A](#), Item 5.A. on page 9 and Item 10 on page 17, which is available online at: <https://adviserinfo.sec.gov/firm/summary/111595>.

How do your financial professionals make money?

Our financial professionals are compensated by salary and profit sharing based on the overall company’s attainment of its revenue goal for the year. Material owners of the firm, those that own 20% or more, waive their profit-sharing allotment in exchange for the overall net profits of the firm. Compensation is not based on the amount of client assets they serve but instead is based on paying a competitive salary and profit-sharing amount within our industry. Ricky Grunden does hold an insurance license and receives agent’s commission so there is the potential conflict of interest if insurance is recommended.

Do you or your financial professionals have legal or disciplinary history? No. Visit Investor.gov/CRS for a free and simple search tool to research us and others.

Conversation Starters

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

You can find additional information about your investment advisory services by visiting our website (www.grunden.com) and reading our [Form ADV, Part 2A](#). Requests for up-to-date information can also be sent to our Chief Compliance Officer, Dave Ragan, at dragan@grunden.com or call the office at 940.591.9007. You may also request a copy of this CRS Form.

Conversation Starters

- 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 how this person is treating me?

Exhibit to Amend Form CRS

We have made the following material changes to Form CRS, effective March 2, 2023:

Fixed fees only come into play for clients in the Wealth Builder Challenge service offering whose assets are below \$333,333. In that case, we charge a \$5,000 annual fee payable up front and a monthly fee of \$417 in subsequent years until their account exceeds \$333,333.