

## The Harbor Group, Inc.– Form CRS

### Item 1 – Introduction

The Harbor Group, Inc. (“we” or “us”) is registered with the Securities Exchange Commission (“SEC”) as an investment adviser. Our services and compensation structure differ from a registered broker-dealer, and it is important for you to understand the differences between those structures. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS). The site also provides educational materials about broker-dealers, investment advisers and investing. The italicized sentences appearing in text boxes below are intended to be “conversation starters” for you to have with us, as required by the instructions to Form CRS.

### Item 2 – Relationships and Services

#### **What investment services and advice can you provide me?**

As fiduciaries, we offer to provide personalized financial planning and investment management services to individuals and their trusts and estates (“you,” “clients” or “retail investors”). We customize our financial planning and investment management services based on each client’s unique circumstances, including their investment objectives, risk tolerance, investment time horizon, withdrawal requirements, and other special circumstances. We monitor portfolios periodically and make changes to them as we deem necessary. We generally manage portfolios on a discretionary basis, which means we have the authority to buy and sell investments in your account without speaking to you before doing so. However, you can place reasonable restrictions on the securities that we buy by notifying us, in writing. If we manage your portfolio on a non-discretionary basis, you make the ultimate decision regarding the purchase or sale of investments, and we cannot execute any account transactions without obtaining your prior consent. Therefore, if we would like to execute a transaction for your non-discretionary account and you are not available to provide consent, we would not be able to execute that transaction, which could place your portfolio at a disadvantage. We do not have to limit the type of securities we trade for retail investors to proprietary products or a limited group or type of investment, but we generally construct and manage portfolios primarily consisting of mutual funds and exchange traded funds (“ETFs”). When we provide financial planning and consulting services to a client, we rely upon the information they provide and do not verify or monitor that information while or after providing these services. We do not impose any requirements for retail investors to open or maintain an account or establish a relationship. For more detailed information about our Advisory Business and the Types of Clients we generally service, please see Items 4 and 7, respectively in our [Form ADV Part 2A](#).

<i>Given my financial situation, should I choose an investment advisory service? Why or why not?</i>
<i>How will you choose investments to recommend to me?</i>
<i>What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?</i>

### Item 3 – Fees, Costs, Conflicts, and Standard of Conduct

#### **What fees will I pay?**

For portfolio management services, and with certain exceptions described in Item 4 in our [Form ADV Part 2A](#), we charge an annual fee based on a percentage of the investable assets generally according to the following schedule: 1.00% on the first \$1,000,000; 0.75% on the next \$1,000,000; 0.50% on the next \$2,000,000; 0.40% on the next \$2,000,000; 0.30% on the next \$2,000,000; and 0.20% on assets over \$8,000,000. We either deduct our fees from one or more of your investment accounts or bill you for our services quarterly in arrears based on the average daily balance of your portfolio. Because our fee is based on the amount of your assets under our management, the more assets you designate to us for management, the more you will pay us for our services. Therefore, we have an incentive to encourage you to increase the amount of assets that you designate for our management. However, as the amount of assets under management increases, the applicable fee percentage decreases incrementally. We typically charge a negotiable fee for financial planning and consulting services at the beginning of a client relationship based on hourly rate of the planner (generally between \$125 and \$650 per hour) completing the financial plan, which may be assessed on a flat fee basis. After that, we rarely but may charge for stand-alone financial planning and consulting services at the same rates. For more detailed information about our investment advisory fees, please see Items 4 and 5 in our [Form ADV Part 2A](#). Your account will be held with a qualified custodian. You will also be responsible for the fees and expenses charged by qualified custodians and imposed by broker dealers according to their fee schedules. Those fees and expenses include but are not limited to, transaction charges, wire transfer and electronic fund fees, and other fees and taxes on

A copy of our Form ADV Parts 2A and 2B is available at:

[https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd\\_iapd\\_Brochure.aspx?BRCHR\\_VRSN\\_ID=650895](https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=650895)

brokerage accounts and securities transactions, as may be applicable. If your assets are invested in mutual funds, ETFs, or other registered and unregistered investment companies, you will bear your pro rata share of the investment management fees and other fees of the funds, which are in addition to the fees you pay us. These fees and expenses are described in each fund's prospectus or other offering documents. 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. For more detailed information about our fees and costs related to our management of your account, please see Items 4 and 5 in our [Form ADV Part 2A](#).

*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?*

**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 may recommend rollovers out of employer-sponsored retirement plans and into Individual Retirement Accounts that we manage for an asset-based fee. If we do not currently manage your account held with your employer's plan, this will increase our compensation.
- \* We have an affiliated entity that sells insurance products on a commission basis, and certain of our financial professionals may offer commission-based insurance products to clients. This presents conflicts of interest, because they can recommend that you purchase insurance commission-based products based upon the compensation they will receive, rather than your individual need.
- \* We may recommend a particular custodian from whom we receive support services. This presents a conflict of interest, because our receipt of their support incentivizes us to continue using and recommending them.

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

For more detailed information about our conflicts of interest, please review Items 4, 10, 11, 12, and 17 of our [Form ADV Part 2A](#).

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

Our financial professionals are generally compensated on a salary basis and are eligible to receive discretionary bonuses that can be but are not necessarily based on the acquisition of new clients. In addition, certain of our financial professionals are equity owners of the firm, who stand to receive a share firm's profits. These structures present conflicts of interest, because they can incentivize our financial professionals to recommend that you place additional assets under our management. We mitigate that conflict by adhering to fiduciary duty and making investment recommendations consistent with your particular financial objectives. You should discuss your financial professional's compensation directly with your financial professional.

**Item 4 – Disciplinary History**

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

No. We encourage you to visit [www.investor.gov/CRS](http://www.investor.gov/CRS) to research our firm and our financial professionals.

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

**Item 5 – Additional Information**

Additional information about our firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may contact our Chief Compliance Officer to request a current copy of our [Form ADV Part 2A](#) or our relationship summary. Our Chief Compliance Officer is available by phone at 603-668-0634.

*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?*