



**This brochure (ADV, Part 2A & 2B) provides information about the qualifications and business practices of Clarity Wealth Development, LLC. If you have any questions about the contents of this brochure, please contact us at (541) 753-1898 or [info@claritywd.com](mailto:info@claritywd.com). 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 Clarity Wealth Development, LLC, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Clarity Wealth Development, LLC is a Registered Investment Advisor in the State of Oregon and has a notice filing in Texas. Please note that registration does not imply a certain level of skill or training.**

Contact:  
Kay Dee Cole - 262 NW Polk Ave, Corvallis, OR 97330  
(541) 753-1898  
[www.claritywealthdevelopment.com](http://www.claritywealthdevelopment.com)

January 1, 2020

## **MATERIAL CHANGES**

- Kim Hall became eligible to begin using the Certified Financial Planner® designation.
- Kim Hall became partner of the firm and currently owns 25% of the firm.
- We no longer use TradePMR as a custodian. All the assets we manage for clients are now custodied under TD Ameritrade. For annuities we use Nationwide Advisory – a non-commission annuity company for fee only RIA's.
- Our hourly rate is now \$250/hr. for CFP® advisors.
- Current assets managed is \$90,395,051 as of Dec. 31, 2019
- Our financial plan starts at \$3600 for the initial plan and we revised our advisory investment solution costs.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Clarity Wealth Development, LLC.

You may request a copy of this Disclosure Brochure at any time, by contacting us at (541) 753-1898.

## TABLE OF CONTENTS

MATERIAL CHANGES .....	2
ADVISORY BUSINESS .....	5
A. Description of business.....	5
B. Description of advisory services .....	5
C. Tailoring of advisory services to individual client needs .....	6
D. Wrap fee programs.....	7
E. Assets under management .....	7
FEEES & COMPENSATION .....	7
A. Compensation.....	7
B. Fee payment options.....	8
C. Other types of fees .....	8
D. Fees in advance of service .....	9
E. Compensation (commissions) for the sales of securities.....	9
F. Performance-based fees and side-by-side management .....	9
TYPES OF CLIENTS .....	9
INVESTMENT PHILOSOPHY, METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	10
A. Methods of analysis.....	10
B. Investment Strategies/Risk.....	11
DISCIPLINARY INFORMATION .....	11
A. Criminal or civil actions.....	11
B. Administrative proceeding before the SEC or any other government agency .....	11
C. Self- regulatory organization (SRO) proceedings .....	11
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	11
A. Securities broker/dealer affiliations.....	11
B. Futures commission merchants, commodity pool operators and commodity trading advisors .....	11
C. Other financial relationships or arrangements that are material to clients’ business .....	12
D. Compensation for recommendations of other registered investment advisors .....	12
CODE OF ETHICS, PARTICIPATION OR INTEREST IN <i>CLIENT</i> TRANSACTIONS AND PERSONAL TRADING.....	12
A. Code of Ethics .....	12

B.	Material financial interests in investment recommendations .....	12
C.	Clarity Advisors investments in securities recommend to clients.....	12
D.	Advisor/client timing of security trades .....	13
BROKERAGE PRACTICES – SELECTION OF CUSTODIAN.....		13
A.	Soft dollars .....	13
B.	Brokerage for client referrals .....	14
C.	Directed brokerage.....	14
REVIEW OF ACCOUNTS .....		14
A.	Client Reviews.....	14
B.	Client reports & fees.....	15
CLIENT REFERRALS AND OTHER COMPENSATION.....		15
A.	Economic benefits for certain advice .....	15
B.	Payment for client referrals.....	15
CUSTODY.....		15
INVESTMENT DISCRETION .....		16
A.	Voting client securities .....	16
FINANCIAL INFORMATION .....		16
A.	Prepayment of asset management fees.....	16
B.	Refunds.....	16
ADDITIONAL REQUIREMENTS FOR STATE REGISTERED ADVISORS .....		17
A.	Education & business backgrounds.....	17
B.	What is a CFP®? .....	17
C.	Any other business activities .....	18
D.	Arbitration .....	19
E.	Bankruptcy .....	19
F.	Performance-based fees .....	19
G.	Relationship with issuer of securities.....	19

## ADVISORY BUSINESS

### A. Description of business

Clarity Wealth Development, LLC (“Clarity”) is a Registered Investment Advisory Firm established in Oregon since 2010. Kay Dee Cole is the managing principal and owns 75% of the firm. Kay Dee is an Investment Advisor Representative and Compliance Officer of the firm. Kim Hall is the Vice President and owns 25% of the firm. Kim is an Investment Advisor Representative and Director of Financial Planning.

### B. Description of advisory services

Clarity is an independent firm specializing in financial planning and managing client portfolios. We take a comprehensive approach to financial planning in that we want to set up a complete plan for clients in the most holistic path possible. We find this to be the best and most effective approach.

#### **Comprehensive Financial Planning**

Financial planning includes tax planning, insurance planning, retirement planning and estate planning. Financial planning services may include consultations and/or written financial plans. Each plan analyzes clients’ financial situation and then makes appropriate recommendations for strategies and methods to implement those strategies. Plans are more effective if reviewed each year and adjusted accordingly.

Our most common client engagement involves working one-on-one with a planner over an extended period. After a comprehensive financial plan is created, clients may choose to work with a planner on an ongoing basis to implement, monitor and update (as needed) the plan for a monthly fee.

Upon requesting a comprehensive plan, clients will work with a planner to establish their goals and values around money. Clients will need to provide the information required for the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefit, retirement planning, insurance, investments, college planning and estate planning.

If ongoing planning is selected by the client, the plan will be monitored throughout the year, and the planner will follow up with the client to confirm that agreed upon action steps have been carried out. On an annual basis there will be a full review of this plan to ensure its accuracy. Any needed updates will be implemented at that time. Meetings may be virtual as well as in person and we will meet at the client's convenience.

NOTE: Planning only clients are under no obligation to act upon the advisor’s investment recommendations. If the client elects to act upon any of the recommendations, the client is under no obligation to affect the transaction through the investment advisor. The advisor is

also not obligated to monitor investment accounts held outside the firm; this responsibility is entirely up to the client.

### **Managing Client Portfolios/Investment Advisory Services**

The client can determine to engage Clarity to provide discretionary investment advisory services based on an annual service cost.

Clarity Advisors create investment portfolios for clients based on an individualized investment strategy that takes into consideration the client's personal financial situation (including employment status, cash reserves, retirement account values, current age, anticipated retirement date, other sources of income as well as their personal tolerance for risk and volatility). Client portfolios are monitored and adjusted in accordance with the agreed upon investment strategy.

Clarity Advisors utilize general securities (stocks & bonds), mutual funds (including exchange traded funds or ETFs), government securities, and occasionally real estate and metals funds to create diversified portfolios, tailored to clients' goals and individual risk profile. We do not typically purchase or manage "alternative investments" (such as commodities, managed futures, private equity, currency or hedge funds) in client accounts.

It remains the client's responsibility to promptly notify the Clarity if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Clarity's previous recommendations and/or services.

#### **C. Tailoring of advisory services to individual client needs**

Clarity clients are each unique, so services are tailored to meet client needs. This process begins with a series of consultations intended to discover individual goals and values. Advisors then analyze clients' financial data and make suggestions on how to best achieve client goals, taking into consideration client resources, constraints and values, as well as evaluations of risk and uncertainty. Recommendations are based on the information provided to Clarity by clients, and any omissions or non-disclosed items become the burden of the client. Advisors strive to match investment portfolios to client objectives. Clients may impose restrictions on investing in certain securities or types of securities (Please refer to Item 16).

**Note: Retirement Rollovers -Potential Conflict of Interest** A client leaving an employer typically has four options (and may engage in a combination of these).

1. Employee may leave the money in the employer plan, if permitted
2. Employee may rollover the assets to their current employer plan, if permitted
3. Employee may rollover the assets to an Individual Retirement Account (IRA)
4. Employee may take a lump-sum cash distribution from the employer plan

Clarity Advisors may recommend an investor rollover the plan assets to an IRA managed by Clarity (option 3 above). As a result, the advisors may earn an asset-based fee for the management of the account. A recommendation that a client or prospective client leave their plan assets with their old employer, or rollover to a current employer plan will result in potentially lower compensation to Clarity advisors. Clarity Wealth Development may have an economic incentive to encourage an investor to roll plan assets into an IRA managed by Clarity Wealth Development.

Clarity Advisors consider a variety of factors before recommending rollover of a retirement plan, including but not limited to: 1) the investment options available in the plan versus the investment options in an IRA 2) fees and expenses in the plan versus the fees and expenses in an IRA 3) the services and responsiveness of the plan's investment professionals 4) required minimum distributions and age considerations 5) tax consequences and 6) clients' experience with self-directed investment management

No client is under any obligation to rollover plan assets to an IRA managed by Clarity.

D. Wrap fee programs

Clarity does not participate in wrap-fee programs.

E. Assets under management

As of January 1, 2020, Clarity managed \$90,395,051 million on both a discretionary and non-discretionary basis. This value does not include any funds with other money managers.

## **FEES & COMPENSATION**

A. Compensation

Clarity charges two types of fees. One is for financial planning (Planning Fee), and the other is for investment management (Annual Advisory Fee).

### **Planning Fee**

Comprehensive Financial Planning has a one-time planning fee of \$3600. This is payable during the planning process and clients may set up a mutually agreed upon payment plan. This planning package fits those that are needing specialized financial planning. We spend a year developing and implementing the plan and after the initial plan is done, we offer ongoing planning and/or investment advisory services.

Our ongoing planning services start at \$200/month after the initial plan is done and are an effective way to implement and maintain accountability for your plan. Some clients may have a higher monthly payment depending on complexity and client needs. Due to the level of work conducted at the beginning of this service, a 12-month commitment is required for ongoing

financial planning paid monthly. Once the service enters its thirteenth month, this service may be terminated with 30 days' notice. Upon termination, the fee will be prorated, and any unearned fee will be refunded to the client.

In some cases, a client's needs may not fit the standard Comprehensive Financial Planning package. In these cases, Clarity will propose a Project Fee based on the amount of time projected to be spent on the plan. The hourly rate is \$250, with a four-hour minimum.

### **Annual Advisory Fee**

Managed money fees, which cover the investment and management of client assets at TD Ameritrade<sup>1</sup>, are based on investment account balances. The fee ranges from 0.50% to 1.00% of assets under management (AUM). Households are aggregated, meaning that individual accounts under one household are combined for calculation of fees, which works in the favor of the client by minimizing fees. Fees are paid quarterly, at the *end* of each quarter. Fees are calculated based on the average daily balance of household accounts for the quarter. Clarity does not impose minimums but may suggest another advisor depending on the overall cost to do business with small account sizes.

Transaction fees are occasionally charged on mutual fund and bond trades. Transaction fees are not charged on individual stock and ETF trades. Transaction fees are charged in addition to the Advisory Fee. Individual bond transaction fees range from \$50-\$75. Some share classes of mutual funds have a transaction charge of \$20 per trade, but these trades are kept to a minimum. Funds with Dimensional Fund Advisors have a transaction charge of \$9.99. This fee structure reduces client's lower overall costs while maintaining a high level of service.

**Note: Fee Differentials.** As indicated above, Clarity shall price its services based upon various objective and subjective factors. As a result, clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning and/or consulting services to be rendered. Current clients may pay more than previous clients based on changes in pricing throughout the years. The services to be provided by Clarity to any client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly

### **B. Fee payment options**

With signed client permission on a Limited Power of Attorney, Clarity can withdraw account management fees at the end of each quarter. Clients may choose to be billed outside of their accounts at the end of each quarter; there may be an additional charge per bill up to \$5.00 for this service. Fees for financial planning are billed and due according to the mutually agreed upon payment plan.

### **C. Other types of fees**

---

<sup>1</sup> Current custodian of Clarity client assets



Clarity fees do not include fees charged by your custodian, mutual funds and other money managers, including management fees, custodial fees, mutual fund fees, taxes and transfer fees. The fees charged by Clarity are in addition to fees charged by any mutual fund in which a client's funds may be invested. The mutual funds held in a client's portfolio, such as money market funds, will assess charges and fees at the fund level, including fees for investment management services provided to the mutual fund by the fund's investment adviser. All such fees and charges are disclosed in the prospectus of the applicable mutual fund. Clarity does not receive a portion of any of these fees. Simply put, they are a necessary part of doing business in the securities industry. Clarity minimizes client out-of-pocket expenses by not charging securities sales commissions (Please refer to Brokerage Practices page 12)

D. Fees in advance of service

The Comprehensive Financial Planning fee is charged in advance of service. No services are pre-paid for more than 6 months of services. If client cancels within 5 business days of signing a contract, 100% of fees will be refunded. If client cancels within 6 months of the date of contract end, monthly charges will still be charged. If client cancels within 15 days of renewing the ongoing plan fee after the first year, the contract will be cancelled and no fee due.

E. Compensation (commissions) for the sales of securities

No one at Clarity accepts commissions or any other form of compensation for selling securities or other investment products. All insurance or annuity purchases are bought using fee-only products and we receive no commission.

F. Performance-based fees and side-by-side management

Clarity does not charge performance-based fees (i.e., fees calculated based on a share of capital gains upon or capital appreciation of the funds, or any portion of the funds, of an advisory client). Consequently, Clarity does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, Clarity provides its financial planning and investment advisory services for a fixed fee, hourly rate, and/or based upon a percentage of assets under management

## **TYPES OF CLIENTS**

Clarity Wealth Development provides comprehensive financial planning and portfolio management services to individuals, families and small businesses. In addition, Clarity may serve as a coordinator working with the client and their other advisors as needed to assist in the proper implementation of recommended strategies.

Clarity does not impose any requirements on the minimum account size for opening or maintaining an account, however planning fees are not included with advisory services fees for clients with household account sizes less than \$500,000. In other words, planning fees are charged in addition to advisory fees for households with less than \$500,000 in accounts under management at CWD.

## **INVESTMENT PHILOSOPHY, METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Our Investment Philosophy:**

Clarity Wealth Development uses a variety of models that incorporate risk analysis, goals, age, needs, income level, tax bracket and client values to come up with the appropriate mix of stocks, bonds and other appropriate assets.

Clarity does not attempt to “beat” the market with complicated trading strategies, and instead relies on Modern Portfolio Theory to construct portfolios and long-term investment strategies that maximize expected return for the appropriate level of risk, depending on a client’s risk profile.

#### A. Methods of analysis

**Modern Portfolio Theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics.

The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Fundamental Analysis** is a method of evaluating a security to measure its intrinsic value, by examining related economic, financial and other qualitative and quantitative factors. The end goal of fundamental analysis is to produce a quantitative value that an investor can compare with a security’s current price, thus indicating whether the security is undervalued or overvalued. We use a variety of methods to provide up to date analysis. CWD advisors study industry white papers, financial newspapers, online services and magazines devoted to fundamental analysis of the markets.

In addition, advisors do study Federal Reserve Policy, corporate rating services and independent market research, and utilize a variety of advanced software applications to assist in analysis and portfolio rebalancing.

B. Investment Strategies/Risk

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to several types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired. This is used sparingly in client accounts – we believe the purpose must be explained and clients must choose to have margin on their account.

**Selection of Other Advisers:** Although Clarity seeks to select only money managers who will invest clients' assets with the highest level of integrity, Clarity's selection process cannot ensure that money managers will perform as desired and Clarity will have no control over the day-to-day operations of any of its selected money managers. Clarity would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulator breach or fraud.

***CLIENTS SHOULD BE AWARE THAT INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT THEY SHOULD BE PREPARED TO BEAR.***

**DISCIPLINARY INFORMATION**

- A. Criminal or civil actions None
- B. Administrative proceeding before the SEC or any other government agency None
- C. Self- regulatory organization (SRO) proceedings None

**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

A. Securities broker/dealer affiliations

Clarity is an independent advisory firm. No-one at Clarity is a securities broker/dealer or a securities registered representative.

B. Futures commission merchants, commodity pool operators and commodity trading advisors

No-one at Clarity is a futures commission merchant, a commodity pool operator or a commodity trading advisor, or an associated person of the above-mentioned three entities.

C. Other financial relationships or arrangements that are material to clients' business

Kay Dee Cole is a licensed insurance agent in the State of Oregon. Clarity maintains licenses for educational purposes and to give advice on these products. Clarity may recommend insurance or annuity products and can offer fee-only products but does not sell products with a commission. Accordingly, clients should be aware that if a conflict exists between their interests and Clarity interests; they are under no obligation to act upon any of Clarity's recommendations; and if clients elect to act upon any of the recommendations, they are under no obligation to affect the insurance transactions through Clarity. Clarity advisors will recommend other agents but receive no compensation from them if clients elect to do business outside Clarity.

D. Compensation for recommendations of other registered investment advisors

As noted in Item 5, on occasion, Clarity advisors will recommend other money managers (licensed or notice filed with the State of Oregon) to clients. They may be firms that specialize in investments Clarity does not manage, primarily annuities and "alternative investments" like commodities or currency. This helps diversify client investments. Clarity has chosen third-party money managers based on their relative costs, skills, reputation, dependability and compatibility with our clients, and NOT upon any financial arrangement between Clarity and Kay Dee Cole or Kim Hall. Any fees charges to clients are in addition to the fees charged by CWD. (Please refer to Code of Ethics-D.)

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN *CLIENT* TRANSACTIONS AND PERSONAL TRADING**

A. Code of Ethics

The Clarity Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity & trust. It promises that Clarity will always put client interests first with complete confidentiality and honesty. Clarity advisors hold themselves to exacting standards and diligence. A copy of the Clarity Code of Ethics is provided to any client or prospective client at the first initial meeting.

B. Material financial interests in investment recommendations

Clarity Advisors will not recommend an investment to clients in which advisors have a material financial interest. Clarity advisors do not act as a principal and buy securities from or sell securities to clients, not will they solicit investments for general partnerships or investment companies.

C. Clarity Advisors personal trading in securities also recommended to clients

On occasion, Clarity advisors may buy or sell securities that are also recommended to clients. The type of security always depends on the client's investment goals, objectives and time frames. Clarity feels that there is minimal conflict of interest in advisors owning the same

securities as they recommend to clients because the securities recommended are widely held and publicly traded and Clarity is too small of advisors/investors to affect the market in widely held and publicly traded securities.

D. Advisor/client timing of security trades

Clarity does not permit “front running” (advisor buying or selling before clients) or advisors buying or selling securities contemporaneously with clients.

**BROKERAGE PRACTICES – SELECTION OF CUSTODIAN**

Clarity has selected TD Ameritrade to custody client assets. This decision was based on:

- Costs: Among the best in the world of custodians
- Skills: Few mistakes if any, knowledge and tenure
- Reputation: Other RIAs that use them have sworn by them.
- Dependability: Rarely a problem
- Compatibility: This custodian deals with small independent RIAs like us.

A. Soft dollars

Clarity receives soft dollar benefits by nature of its relationship with TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC (“TD Ameritrade”). Clarity participates in TD Ameritrade’s institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Clarity’s participation in the program and the investment advice it gives to its clients, although Clarity receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Clarity participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Clarity by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Clarity’s related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Clarity but may not benefit its client accounts. These products or services may assist Clarity in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Clarity manage and further develop its business enterprise. The benefits

received by Clarity or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, Clarity endeavors, always, to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Clarity or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Clarity's choice of TD Ameritrade for custody and brokerage services.

**B. Brokerage for client referrals**

CWD did not select a custodian on the basis that it will send other client referrals in exchange for custodial business.

**C. Directed brokerage**

CWD recommends a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice if we are not managing the money. Our primary recommended custodian is TD Ameritrade.

**Note:** In late November 2019, Schwab announced purchasing TD Ameritrade. Although this transaction will take a while to complete and isn't expected to finalize until mid to late 2020, we want you to know that we will assess the situation and keep clients informed.

**D. Aggregating client accounts**

CWD can "aggregate" the purchase or sale of securities for clients when a large block of clients is trading the same security in order to reduce transaction costs for clients. Clarity is an independent small RIA that does not buy or sell large blocks of securities very often. More importantly, CWD clients differ in risk profile, goals and portfolio size making these types of opportunities rare.

## **REVIEW OF ACCOUNTS**

**A. Client Reviews**

Clarity's Investment Advisor Representatives review all accounts a minimum of once a year, many are reviewed more than once a year. Clarity's investment models are reviewed annually and as needed on a quarterly basis. Financial planning accounts are reviewed annually.

Portfolios may need to be repositioned if a client's financial situation or goals change, therefore it is ***important that clients notify Clarity immediately of any major changes in financial situation.***

Clients are contacted, at a minimum, once a year to come in for an annual review. If clients do not respond to three repeated attempts to schedule an annual review, Clarity will request that clients contact us within a year to schedule a review. If no communication is received after one year, the clients account will be removed from Clarity management. TD Ameritrade will contact

clients with a new account number and clients will be personally responsible for managing their account.

**B. Client reports & fees**

Client account statements, transaction confirmations, all applicable tax documents, required minimum distributions forms, and proxy documents (including ballots and any communication from public companies) are sent by account custodian, TD Ameritrade.

In addition, clients may also receive prospectuses and reports from any owned securities or money managers utilized. Performance reports are reviewed during client reviews and are posted to the Clarity client portal (Black Diamond) quarterly. Account statements are posted monthly and billing statements and performance reports quarterly and can also be retrieved through the client portal.

Accounts are reviewed and fees calculated at the end of each quarter (Jan. 1, April 1, July 1 and Oct 1) for the previous quarter. After reviews for accuracy, fees are deducted from client accounts and invoices are then sent out immediately to clients. Notices are posted to online accounts and the fees are stated in quarterly statements.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

**A. Economic benefits for certain advice**

Clarity does not get economic benefits from a non-client for providing certain advice. In addition, Clarity does not accept sales awards or other prizes, such as trips.

**B. Payment for client referrals**

Clarity does not pay for client referrals. Clarity also does not get paid for client referrals when recommending other money managers or insurance products. (Please refer to Other Financial-D.)

## **CUSTODY**

Pursuant to Rule 206(4)-2 of the Advisers Act, Clarity is deemed to have custody of client funds because Clarity has the authority and ability to debit fees directly from clients' accounts. To mitigate any potential conflicts of interests, all client account assets will be maintained with an independent qualified custodian.

Clients should be aware, however, of the differences between having their assets held in custody at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

## INVESTMENT DISCRETION

Client accounts are managed on a discretionary basis, although some clients prefer non-discretionary accounts. Non-discretionary accounts are accounts where the client directs ALL trading.

Client may place limitation on the discretionary nature of their account management. For example, several clients prefer that not to invest in gambling, tobacco or alcohol-based securities. Some prefer sustainable business practice or green businesses. In some cases, Clarity advisors may require written acknowledgement of investment recommendations if clients choose not to implement them.

Limited Power of Attorney is needed to authorize discretionary account management and is included with the account opening paperwork. Before executing the power of attorney, the custodian ensures that the signed contract which authorizes Clarity to have certain privileges, is initialed on the new account form. Clients may authorize Clarity to open accounts, manage accounts with discretion or not, receive duplicate confirmations and statements, and authorize the custodian to deduct fees from your account.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage Clarity on a non-discretionary investment advisory basis must be willing to accept that Clarity cannot affect any account transactions without obtaining prior verbal or written consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Clarity will be unable to affect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal or written consent.

## VOTING CLIENT SECURITIES

### A. Voting client securities

Clarity does not accept authority to vote client securities. Clients will receive proxies or other solicitations directly from the custodian. Clarity encourages clients to discuss them with their legal representatives. Clients can opt to have these communications sent electronically.

## FINANCIAL INFORMATION

### A. Prepayment of asset management fees

Clarity never charges fees more than \$500 more than 6 months in advance of services.

### B. Refunds

Since Clarity may have discretionary authority (but not custody) of client funds and/or securities, CWD is required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients. No financial impairments exist that would prevent CWD from making a refund if necessary.



## ADDITIONAL REQUIREMENTS FOR STATE REGISTERED ADVISORS

*This disclosure is required by Oregon state securities authorities and is provided for client use in evaluating this investment advisor representative's suitability.*

### A. Education & business backgrounds

The Principal Officer of Clarity Wealth Development, LLC is Kay Dee Cole: she owns 75% of the company and is an Investment Advisor Representative (IAR). Kim Hall VP and Director of Financial Planning owns 25% of the firm and is also an Investment Advisor Representative.

**Kay Dee Cole**- President and founder. She has a BS in Agricultural Resource Economics from Oregon State University (1989) and received her certification as a CERTIFIED FINANCIAL PLANNER™ (2012). In the past she has been a securities registered representative (2005-2010) and as an independent insurance agent (2005 to present). Kay Dee Cole is an investment advisor representative of Clarity Wealth Development.

**Kim Hall** - Director of Financial Planning has a PhD in Applied Economics from Oregon State University and has a series 65 license. She received her certification as a CERTIFIED FINANCIAL PLANNER™ in 2019. Kim is an investment advisor representative of Clarity Wealth Development.

### B. What is a CFP®?

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and several other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The seven-hour examination includes case studies and client scenarios designed to test one’s ability to

correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;

- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

- Education--Complete an advanced college-level course of study addressing the goal of helping clients create sustainable retirement income.
- Examination--Complete a series of two-hour proctored exams.
- Experience--They must have three years of professional experience and participate in continuing education.
- Ethics--Agree to the Huebner School Code of Ethics.

C. Any other business activities: Kay Dee Cole does have other business activities:

Kay Dee serves as secretary for her husband's S-Corporation in construction and operates rental property.

Kay Dee Cole is a licensed insurance agent. From time to time, she may offer clients advice or products from this activity. She does not sell products with commissions and will refer out insurance cases that cannot be served by CWD. Clarity Wealth Development always acts in the best interest of the client; commissionable sales were eliminated to maintain fiduciary. Clients are in no way required to use the service of any representative of Clarity Wealth Development in their capacity as licensed insurance agents.

#### D. Arbitration

Neither Kay Dee Cole nor Kim Hall have been involved in any of the events listed below.

1. An award or otherwise being found liable in an arbitration claim alleging damages more than \$2,500, involving any of the following:
  - a) an investment or an investment-related business or activity;
  - b) fraud, false statement(s), or omissions;
  - c) theft, embezzlement, or other wrongful taking of property;
  - d) bribery, forgery, counterfeiting, or extortion; or
  - e) dishonest, unfair, or unethical practices.
  
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a) an investment or an investment-related business or activity;
  - b) fraud, false statement(s), or omissions;
  - c) theft, embezzlement, or other wrongful taking of property;
  - d) bribery, forgery, counterfeiting, or extortion; or
  - e) dishonest, unfair, or unethical practices.

#### E. Bankruptcy

Neither Kay Dee Cole nor Kim Hall have been the subject of a bankruptcy petition in the past ten years.

#### F. Performance-based fees

Clarity does not charge performance-based fees.

#### G. Relationship with issuer of securities

Clarity does not have any relationships with issuers of securities.