

Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

Clarity Financial, L.L.C.
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573-447-7007 (office) 800-381-9829 (fax)

Date of Brochure: 03/27/2018

This Brochure (also known as Form ADV Part 2) provides information about Clarity Financial, L.L.C., doing business as Clarity Financial. Form ADV has two parts. Part 1 has information about the advisory firm's business and whether they've had problems with regulators or clients in the past. Part 2 describes their services, fees, and investment strategies in addition to whether they've had prior problems with regulators. Before you hire an investment advisory firm, examine both parts of Form ADV, and then ask for an explanation of anything you don't understand. If you have any questions about the contents of this Brochure, please contact Timothy M. Sullivan, owner and chief compliance officer of Clarity Financial, at 573-447-7007 or at tim@goclarityfinancial.com

Clarity Financial is a State of Missouri registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The selection of an investment adviser is of great importance and should be considered with significant care. Additional information about Clarity Financial is available on the SEC's website at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Clarity Financial who are registered as Investment Adviser Representatives.

You may also visit the Missouri Investor Protection Network at <http://www.sos.mo.gov/securities/mipc/default.asp> for further valuable information. The information in this brochure has not been approved by the SEC or any state securities authorities.

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 all registered investment advisers provide to clients. This Brochure dated February 21, 2017 is a new document prepared in accordance with the revisions to Form ADV Part 2. The amended Form ADV 2 has been adopted for use by the state of Missouri.

Updates since 02/21/2018.

1. On pg. 5, Item 5.1, the maximum fee for a 1st year retainer was increased.
2. Mr. Sullivan had a working relationship with Scottrade as a broker platform and they were mentioned several times throughout the previous brochure. Scottrade was purchased in 2016 by TD Ameritrade but continued operating under the Scottrade name until February 2018 when TD Ameritrade officially transitioned all Scottrade customers to TD Ameritrade. As such, any reference to “Scottrade” in the previous brochure was replace with “TD Ameritrade” in this brochure.
3. On pages 15 & 16, Item 15, the discretionary option for client assets, also discussed more extensively under Item 4, is also mentioned.

There are no other updates at this time.

We will ensure you receive a summary of any material changes to this and subsequent Brochures by April 30th each year. We may further provide other ongoing disclosure information about material changes as necessary and will provide a new Brochure based on changes or new information at any time.

Currently, our Brochure may be requested by contacting Tim Sullivan at 573-447-7007 or a digital copy may be obtained by emailing tim@goclarityfinancial.com . Brochures are always provided free of charge.

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Item 4 Advisory Business

Clarity Financial is an LLC organized in the state of Missouri. Clarity Financial – also referred to as the “Advisor” - is a fee-only financial planning firm that specializes in providing comprehensive financial planning and investment advisory services to individuals, families, and small businesses. Clarity Financial is owned and operated by Timothy M. Sullivan and was established in 2011. Advisor offers a wide range of financial services. Specifically, Clarity Financial distinguishes itself from traditional investment advisory firms by providing fee-only consulting services focused on your investment goals and objectives, risk management (insurance review), retirement planning, estate planning, debt management solutions, business investment, and business retirement account needs.

Clarity Financial maintains discretionary authority over the assets of some Client accounts. Clients can choose if they prefer a discretionary or non-discretionary relationship with one exception. This exception is for Retirement Solutions clients engaging Mr. Sullivan as a 3(38) fiduciary advisor for retirement plan assets. The Department of Labor does not allow a 3(38) advisor to maintain a non-discretionary role in this position. However, at no time will Clarity Financial have access to client funds in these retirement plan accounts. Mr. Sullivan does have the final authority to decide what funds are available in “the plan” for participants to choose from and as such, is considered a discretionary advisor for these accounts.

For non-discretionary transactions, the Advisor will obtain Client’s prior approval for each specific transaction before executing investment recommendations, as well as for the selection and retention of sub-advisors to the account. Advisor will only execute transactions for Clients when specifically requested and authorized by Client in writing. If there are numerous smaller transactions needed to execute one larger objective, these will not be individually approved by the client. For example, if the client wishes to sell all the positions in a portfolio, this can be approved with one authorization, not thirty individual authorizations. Client approval through email correspondence shall be accepted as written approval. Advisor will act in accordance with a Statement of Investment Policy (or similar document used to establish Client’s objectives and suitability).

Advisor and Client will enter into an agreement which details the scope of the relationship and responsibilities of both Advisor and Client. Advice and services provided under the agreement are tailored to the stated objectives of the Client(s).

Advisor does not sell insurance or investment products and does not accept commissions as a result of any product recommendations. Advisor does not pay referral or finder's fees, nor does it accept such fees from other firms.

Item 5 Fees and Compensation

Clarity Financial provides the following five types of services. In general, fees for these services are billed directly to the client. The exception to this is if the client chooses to use TD Ameritrade as their custodian for their investments, we have the ability to deduct fees from these accounts if so desired. This is certainly not required, but it is available.

1. Open Retainer

Initial Year of Open Retainer: \$2,500 - \$30,000

New client fees are calculated based on income, assets, complexity of situation, and the time anticipated performing our services.

Renewal Years of Open Retainer: Typically, 75% of the initial year with a minimum charge of \$2,500. For example, if your first year of Open Retainer was \$10,000, a typical renewal year would be \$7,500 based on the expected work required. Since we must be “re-hired” every year, these fees are agreed upon by both parties in writing prior to the renewal.

Fees are calculated annually and payable quarterly, in advance. In the Initial Year, one-quarter of the annual fee is due at engagement and the remaining fee is due in three quarterly payments. In Renewal Years four payments are due quarterly.

An open retainer fee is based on a Comprehensive Financial Plan.

The financial planning process consists of but is not limited to:

- Goal Clarification and Assessment
- Coordinated Investment Advise
- Tax planning and preparation
 - We can also coordinate with an existing CPA if so desired
- Value based Risk Management
 - We review current insurance coverage and will research available options so that insurance dollars are spent wisely
- Identification of financial problems and formulation of solutions.

- We review spending, saving, and debt levels to make sure they are appropriate for your situation
- Estate Planning goes beyond make a will. We will evaluate with you the pertinent estate issues that impact your life and consider choices you can then implement with your attorney.
- Analysis and recommendations of any investment property based on Net Operating Income, Cap Rate, and client goals
- Since this is an open retainer, other issues specific to individual clients may be addressed such as college savings strategies, charitable giving efficiency, special needs planning, or any number of other topics
- Preparation of a financial plan in the form of specific written recommendations
- Implementation of recommendations
- Periodic review and updates to the plan

This process normally takes 6 to 8 face-to-face meetings the first year followed by 3 to 4 meetings in subsequent years. As many additional follow up emails, phone calls, or other communications as needed are included in the full retainer cost. The Open Retainer cost does not normally change during the year unless significant changes occur to the plan (such as help needed dealing with an unexpected inheritance). Any cost changes will be agreed upon with the client in advance of any work performed.

2. Clarity Financial Review

A *Clarity Financial Review* is available for clients who wish to have an overall picture of their financial health but don't wish to have ongoing financial monitoring or advice.

- a) We review your progress in achieving the Five Fundamentals of Fiscal Fitness
- b) We then compare current net worth to where you are on the Financial Life Cycle and identify your current life cycle stage
- c) In addition, we review your net worth and current asset allocation
- d) We review your prior two years of tax returns
- e) Finally, we answer specific questions regarding one additional planning topic. Examples include but are not limited to:

Retirement Planning
College Savings
Cash Flow Analysis
Real Estate Analysis
Investment Analysis

The cost for this service is \$950.00. The advisor retains the right to lower this fee on a case by case basis. If the client chooses to sign on as a full retainer client within 30 days of the completion of the *Financial Review*, the cost will be applied toward the cost of the retainer agreement.

3. Clarity Financial Focus

Clarity Financial Focus is available to clients who have a single planning issue they wish to review. For example, a client may wish to have their current 401(k), 403(b), or IRA elections reviewed to insure appropriate investments based on their goals and risk tolerance. This is a more in depth look at a specific financial issue. Fees for this are based on complexity and projected time required to complete the project but typically is \$500 - \$2000. Follow up questions can be asked by phone or email for 30 days following the actual completion date of any *Clarity Financial Focus* as part of the initial fee.

4. Hourly Project Fee

On occasion, when it is appropriate for the client, a project may be completed based on an hourly fee of \$150 to \$200 per hour for specific project requests. For example, a client may need to purchase disability insurance coverage and does not wish to spend the time researching possible alternatives available. Another client may need to research health insurance options for their small business employees and needs assistance in finding the best product available for their financial situation. These fees are billed in 15-minute increments and due in full upon completion of the project. This fee is negotiable dependent on the type of project.

Item 5 Fees and Compensation cont'd

At no time will clients be charged more than five-hundred dollars (\$500) six or more months in advance for any services to be performed.

Clarity Financial is a fee-only financial advisory firm and does not sell investment or insurance products. Unless specifically requested and authorized in writing by Client (with such request accepted by Advisor), Advisor does not execute recommendations on behalf of clients. Clients are responsible, but under no obligation, to implement any recommendations made by Advisor.

In addition to Advisor's fee, clients may incur certain other fees and charges to implement Advisor's recommendations. Additional charges and fees will be imposed by custodians, brokers, third party investment and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes. 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 the Advisor's fee. Whenever possible, the Advisor will recommend actions that minimize these fees.

Unless previously mentioned, fees are generally not negotiable. The client may terminate an engagement by providing written notice within five days of signing a retainer agreement. Additionally, either party may terminate an agreement, without penalty, at any time upon written notice. Any prepaid but unearned fees will be promptly refunded by Advisor. Any fees that have been earned but not yet paid by Client will be due and payable. Whether fees have been earned or unearned will be determined by Advisor in Advisor's sole discretion.

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

Advisor 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

Advisor provides comprehensive financial planning and investment advisory services primarily for individuals, families, and small businesses. We strive to work with people from all different walks of life. As such, we maintain no minimum net-worth or asset requirements. As discussed above, your chosen relationship agreement and fee will be based upon your individual circumstances.

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

The main sources of information Advisor may rely upon when researching and analyzing securities will include traditional research materials such as annual reports, prospectuses, filings with the SEC, as well as research materials prepared by others, company press releases, corporate rating services, and financial newspapers and magazines. Advisor also subscribes to various professional publications deemed to be consistent and supportive of Advisor's investment philosophy.

Moreover, Advisor approaches investment portfolio analysis and implementation based on internal factors such as your tax situation, overall risk tolerance, current financial situation, and your personal goals and aspirations. After identifying these items, your portfolio will be structured around your individual needs, while minimizing negative effects of external factors, such as interest rates, market performance, and the economy as a whole.

In general, Advisor recommends no-load mutual funds (i.e., mutual funds that have no sales fees), exchange traded funds, U.S. government securities, money market accounts, certificates of deposit, and individual bonds (corporate, agency, and municipal). However, in the course of providing investment advice, Advisor may address issues related to other types of assets you are considering or already own. Examples would include individual stocks, residential or investment real estate, business investment, precious metals, collectables, or any other products that may be deemed appropriate based upon your financial goals, needs, and objectives.

While some investment vehicles are safer than others, all investing involves risk of loss clients should be prepared to bear. While Advisor will use its best judgment and good faith efforts in rendering services to client, not every investment decision or recommendation made by Advisor will be profitable. Advisor cannot warrant or guarantee any particular level of account performance, or that an Account will be profitable over time. Client assumes all market risk involved and understands that investment decisions are subject to various market, currency, economic, political, and business risks.

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 Clarity Financial L.L.C or the integrity of Clarity Financial L.L.C.'s management. Adviser has no information to disclose applicable to this Item.

Item 10 Other Financial Industry Activities and Affiliations

Advisor is a member of the Alliance of Comprehensive Planners (ACP), a national non-profit network of independent advisors focused on providing comprehensive financial planning services. These approximately 150 members share their collective wisdom with one another in order to collectively improve the way they provide comprehensive planning services to clients. Their website can be viewed at www.acplanners.org.

The Advisor is a CERTIFIED FINANCIAL PLANNER™ having fulfilled the education, testing requirements, and relevant work experience required to use this designation.

CFP® practitioners must develop their theoretical and practical financial planning knowledge by completing a comprehensive course of study at a college or university offering a financial planning curriculum approved by CFP Board. Other options for satisfying the education component include submitting a transcript review or previous financial planning-related course work to CFP Board for review and credit, or showing the attainment of certain professional designations or academic degrees.

Examination: The Advisor has passed a comprehensive two-day, 10-hour CFP® Certification Examination that tests the ability to apply financial planning knowledge in an integrated format. Based on regular research of what planners do, the exam covers the financial planning process, tax planning, employee benefits and retirement planning, estate planning, investment management and insurance. (Note: as of the end of 2014, the exam was changed to a 1-day, 6 hour exam).

Experience: CFP® professionals must have three years minimum experience in the financial planning process prior to earning the right to use the CFP® certification marks. As a result, CFP® practitioners possess financial counseling skills in addition to financial planning knowledge.

Ethics: As a final step to certification, CFP® practitioners agree to abide by a strict code of professional conduct, known as CFP Board's *Code of Ethics and Professional Responsibility*, which sets forth their ethical responsibilities to the public, clients, and employers. CFP Board also performs a background check during this process, and each individual must disclose any investigations or legal proceedings related to their professional or business conduct.

The Advisor is also a Member of the National Association of Personal Financial Advisors. NAPFA, as it is more commonly known, is dedicated to the practice and promotion of Fee-Only financial planning. The approximately 2400 members of NAPFA as well as their affiliates have agreed to not receive commissions, rebates, awards, finder's fees, bonuses, or any form of compensation from others as a result of a client's implementation of planning recommendations. A NAPFA-Registered Financial Advisor must submit a comprehensive financial plan for peer review and complete continuing education in six subject areas every two years.

Mr. Sullivan writes a monthly column on financial planning topics for *The Columbia Daily Tribune*. This is an unpaid position and Tim does not receive any compensation from any of the companies he mentions in his articles.

Lastly, the Advisor is an Enrolled Agent or EA. An EA is a federally-authorized tax practitioner empowered by the U.S. Department of the Treasury to represent taxpayers before all administrative levels of the IRS for audits, collections, and appeals. It is often referred to as the ability to "practice before the IRS". The Advisor does not work for the IRS or Treasury Department in any capacity as part of holding this designation.

Item 11 Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

Clarity Financial follows one of the most stringent ethics requirements in the industry. These ethics requirements are listed below. (Special credit to The National Association of Personal Financial Advisors (NAPFA) for the basis for these requirements)

Objectivity: We strive to be as unbiased as possible in providing advice to clients while practicing on a fee-only basis.

Confidentiality: We keep all client data private unless authorization is received from the client to share it. We treat all documents with care and take care when disposing of them. Relations with clients shall be kept private.

Competence: We strive to maintain a high level of knowledge and ability. Candidates for CFP® certification must complete a minimum 30 hours of continuing education every 2 years to stay current with developments in the financial planning profession and better serve clients. Two of these hours are spent studying or discussing CFP Board's *Code of Ethics or Practice Standards*. The Advisor will not provide advice in areas where we are not capable.

Fairness & Suitability: Dealings and recommendation with clients will always be in the client's best interests. The Advisor will always put clients' interests first.

Integrity & Honesty: The Advisor will be ever mindful of the potential for misunderstanding that can accrue in normal human interactions. We will strive to maintain a degree of diligence and integrity to such a degree that a thinking client, or any professional, would doubt our intentions. In all actions we are mindful that in addition to serving our clients, we are about the business of building a profession and our actions should reflect this.

Regulatory Compliance: The Advisor will strive to maintain conformity with legal regulations.

Full Disclosure: The Advisor shall fully describe methods of compensation and potential conflicts of interest to clients and also specify the total cost of investments.

Professionalism: The Advisor shall conduct themselves in a way that would be a credit to the fee-only profession at all times. This always involves integrity, honest treatment of clients, and treating people with respect.

Participation or Interest in Client Transactions

The Advisor may own shares of mutual funds, stocks, bonds, money market accounts, U.S. securities, or other securities that may, in turn, be recommended to clients. In no event will investment recommendations be made to clients where the Advisors ownership interest is more than “de minimus” or where the Advisor could influence the value of personal holdings through the making of such a recommendation. When appropriate, the Advisor will purchase or sell securities for Clients before purchasing or selling the same securities for Advisor’s own account.

Some additional services and non-direct monetary or other forms of compensation may be offered and provided to Advisor as a result of its relationships with custodian(s) and/or providers of mutual fund products. For example, Advisor’s representatives and employees may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. Advisor believes that the services and benefits provided to it by brokerage firms (custodians) and mutual fund providers do not materially affect the investment management recommendations made to clients. However, in the interest of full disclosure of any potential conflicts of interest, we discuss the possible conflicts herein.

Item 12 Brokerage Practices

Advisor may use its discretion when recommending a broker. Client is not obligated to effect transactions through any broker-dealer recommended by Advisor. When recommending a broker-dealer the Advisor will comply with its fiduciary duty to obtain best execution and with the Securities Exchange Act of 1934, and will take into account such relevant factors as:

- Price
- The broker-dealers' facilities, reliability and financial responsibility
- The ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order
- The research and related brokerage services provided by such broker or dealer to the Advisor, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- Any other factors the Advisor considers to be relevant.

The advisor has an established independent relationship with TD Ameritrade, but the ultimate choice of which broker to use is at the complete discretion of the client and the advisor receives no compensation as a result of custodial recommendations or broker selections.

Item 13 Review of Accounts

The frequency of reviews depends upon the client situation and the services the client has chosen. Review meetings with full retainer clients are typically held three to four times a year after the initial year. Annual reviews are conducted for retainer client's net worth to assess diversification, investment allocation, and progress toward goals. Factors triggering review may include significant financial changes for a client, client request, a substantial change in tax law, changes in the fundamentals of the companies or entities issuing securities, price fluctuations, and significant economic or industry developments. While Clarity Financial is responsible for the initial recommendations to all clients, non-retainer clients are responsible for the ongoing reviews of their own investments. Clients will be provided the Supplemental Brochure (Form ADV Part 2B) for Timothy M. Sullivan.

If you maintain any brokerage account(s), your custodian (such as Vanguard, Fidelity, or TD Ameritrade) will provide a statement at least quarterly which includes a list of all assets held in the account, asset values, and all transactions affecting the account assets, including any additions or withdrawals. In general, these accounts are available for viewing at any time through each brokerage's website and the Advisor will assist a client if needed in order to view any such account.

Item 14 *Client Referrals and Other Compensation*

Clarity Financial is a fee-only financial planning firm and does not sell insurance or investment products, nor does it accept commissions as a result of any product recommendations. Advisor does not pay referral or finder's fees, nor does it accept such fees from other firms.

Item 15 *Custody*

The Advisor does not have custody over Client funds and securities. Accordingly, the Advisor shall have no liability to the Client for any loss or other harm to any property in the account. The Advisor does have an established relationship with TD Ameritrade if clients would prefer the Advisor execute transactions in their portfolio. This is a discretionary or non-discretionary relationship with the client based on the initial agreement. All non-discretionary transactions must be approved by the client in writing before they are executed whereas discretionary relationships may be approved verbally (see Item 4). This is provided as a service to the client and the Advisor does not require assets to be held at TD Ameritrade or any other broker or custodian. The advisor does not have any financial relationship with TD Ameritrade.

Clients will receive at least quarterly statements from the broker-dealer, bank, or other qualified custodian that holds and maintains client's investment assets. Advisor urges all clients to carefully review such statements and compare such official custodial records to any statements that we may provide to you. Advisor may also provide clients with periodic reports on client's account. These reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 Investment Discretion

Clarity Financial maintains discretionary authority over some Client accounts. Clients can choose if they prefer a discretionary or non-discretionary relationship with one exception. This exception is for retirement solutions clients engaging Mr. Sullivan as a 3(38) fiduciary advisor for retirement plan assets. The Department of Labor does not allow a 3(38) advisor to maintain a non-discretionary role in this position. However, at no time will Clarity Financial have access to client funds in these retirement plan accounts. Mr. Sullivan does have the final authority to decide what funds are available in “the plan” for participants to choose from and as such, is considered a discretionary advisor for these accounts.

For non-discretionary transactions, the Advisor will obtain Client’s prior approval for each specific transaction before executing investment recommendations, as well as for the selection and retention of sub-advisors to the account. Advisor will only execute transactions for Clients when specifically requested and authorized by Client in writing. If there are numerous smaller transactions needed to execute one larger objective, these will not be individually approved by the client. For example, if the client wishes to sell all the positions in a portfolio, this can be approved with one authorization, not thirty individual authorizations. Client approval through email correspondence shall be accepted as written approval. Advisor will act in accordance with a Statement of Investment Policy (or similar document used to establish Client’s objectives and suitability).

Item 17 Voting *Client* Securities

As a matter of firm policy and practice, Advisor does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. At the request of a client, Advisor may provide advice to clients regarding the clients’ voting of proxies.

Item 18 Financial Information

Registered Investment Advisors are required to provide you with certain financial information or disclosures about their financial condition. Advisor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 Requirements for State-Registered Advisers

Please see **Item 2 in Part 2B of Form ADV** on the following page

Part 2B of Form ADV: Brochure Supplement

Item 1 Cover Page

This Brochure supplement provides information about Timothy M. Sullivan that supplements the Clarity Financial, L.L.C. brochure (Part Please contact Mr. Sullivan at 573-447-7007 if you do not receive that brochure or if you have any questions about the contents of this supplement.

Additional info about Timothy M. Sullivan is available on the SEC's website at www.adviserinfo.sec.gov .

Item 2 Educational Background and Business Experience

Investment Advisor: Clarity Financial, L.L.C.

Investment Advisor Representative: Timothy M. Sullivan

Born in 1977

Education: University of Missouri, Bachelor of General Studies w/ focus in Management, Ag Economics, & History

CERTIFIED FINANCIAL PLANNER™ Professional Education Program, Rice University

From 2000 – 2006, Tim was the manager of Lindsey Rentals & Sales, Inc.

Starting in 2005, he resumed his educational pursuits at the University of Missouri-Columbia, finishing in 2007. He completed his CFP® coursework through Rice University in 2009.

In 2012, Mr. Sullivan passed the three required exams to earn his designation as an Enrolled Agent.

Tim is also a member of the non-profit Alliance of Comprehensive Planners advisors and has received education in providing comprehensive financial planning through their training program.

Item 3 Disciplinary Information

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information to disclose applicable to this Item.

Item 4 Other Business Activities

Since 2008, Mr. Sullivan has been pursuing his goal to become a fee-only financial planner. Since 2005, he has also been actively engaged as a member owner of Newgrange Properties, L.L.C. Newgrange Properties rents residential real estate. This activity consumes approximately 5 - 25 hours a month of his time. Tim is not engaged in any other investment-related business or occupation other than those discussed previously and has no relationships which would create a material conflict of interest with clients.

Mr. Sullivan does not receive commissions, bonuses, or other compensation based on the sale of securities or other investment products.

Item 5 Additional Compensation

Mr. Sullivan does not receive any additional compensation (or other economic benefit) for providing investment advisory services.

Item 6 Supervision

Timothy M. Sullivan, President and owner of Clarity Financial, L.L.C., is responsible for supervising all advisory activities on behalf of the firm.

Item 7- Requirements for State-Registered Advisors

Registered Investment Advisors are required to make disclosures if their *Supervised Persons* have been involved in any of the events listed below:

1. An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$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.

B. If the *supervised person* has been the subject of a bankruptcy petition, disclose that fact, the date the petition was first brought, and the current status.

There is no information to disclose relating to Timothy M. Sullivan applicable to this item.