

# ClariFinancial LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of ClariFinancial LLC. If you have any questions about the contents of this brochure, please contact us at (505) 554-2329 or by email at: [krinskyclarissa@gmail.com](mailto:krinskyclarissa@gmail.com). The 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 ClariFinancial LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). ClariFinancial LLC's CRD number is: 284497.*

1718 Central Ave SW Suite C  
Albuquerque, NM 87104  
(505) 554-2329  
[krinskyclarissa@gmail.com](mailto:krinskyclarissa@gmail.com)

*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of ClariFinancial LLC on February 21, 2017 are described below. Material changes relate to ClariFinancial LLC's policies, practices or conflicts of interests.

- Updated Item 5: Fees and Compensation on Item 5A, Item 5B, Item 5D
- Updated Item 10: Other Financial Industry Activities and Affiliations on 10C

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

ClariFinancial LLC (hereinafter “ClariFinancial”) is a Limited Liability Company organized in the state of New Mexico. The firm was formed in June 2016, and the principal owner is Clarissa Krinsky.

### **B. Types of Advisory Services**

#### *Financial Planning*

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; debt/credit planning and divorce planning.

ClariFinancial generally limits its financial planning advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs and treasury inflation protected/inflation linked bonds. ClariFinancial may recommend other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

ClariFinancial will tailor a program for each individual client. This will include an interview session to get to know the client’s specific needs and requirements as well as a plan that will be executed by ClariFinancial on behalf of the client. ClariFinancial provides a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent ClariFinancial from properly servicing the client account, or if the restrictions would require ClariFinancial to deviate from its standard suite of services, ClariFinancial reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. ClariFinancial does not participate in any wrap fee programs.

### **E. Assets Under Management**

ClariFinancial provides financial planning only and therefore does not have regulatory assets under management.

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### *Financial Planning Fees*

##### **Fixed Fees**

The rate for creating client financial plans is between \$750 and \$2,500. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement.

##### **Hourly Fees**

The hourly fee for these services is \$200. The hourly fee will only be used for corporate clients. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement.

Clients may terminate the agreement without penalty, for full refund of ClariFinancial's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement with upon written notice.

### **B. Payment of Fees**

#### *Payment of Financial Planning Fees*

Hourly and fixed financial planning fees are paid via check or cash in arrears upon completion.

### **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by ClariFinancial. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **D. Prepayment of Fees**

No prepayment of fees is required.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither ClariFinancial nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

ClariFinancial does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

ClariFinancial generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Charitable Organizations
- ❖ Corporations or Business Entities

There is no account minimum for any of ClariFinancial's services.



## Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

ClariFinancial's methods of analysis in providing financial planning include modern portfolio theory. Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

#### *Investment Strategies*

In providing financial planning, ClariFinancial recommends long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *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.

#### *Investment Strategies*

**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 various 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.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and

fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither ClariFinancial nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither ClariFinancial nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool

Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Clarissa Sunshine Krinsky occasionally serves as an expert witness for attorneys. Additionally, she is on the Board of Directors for All Faiths and the Board of La Tierra Sagrada Society. The board positions do not entail any compensation.

It is possible that Ms. Krinsky may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. However, ClariFinancial always acts in the best interest of the client and clients are in no way required to use the services of any representative of ClariFinancial in connection with such individual's activities outside of this investment advisory firm.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

ClariFinancial does not utilize nor select third-party investment advisers.

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

### **A. Code of Ethics**

ClariFinancial has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. ClariFinancial's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

ClariFinancial does not recommend that clients buy or sell any security in which a related person to ClariFinancial or ClariFinancial has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of ClariFinancial may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of ClariFinancial to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. ClariFinancial will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of ClariFinancial may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of ClariFinancial to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, ClariFinancial will never engage in trading that operates to the client's disadvantage if representatives of ClariFinancial buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

ClariFinancial does not recommend brokers/custodians.

#### ***1. Research and Other Soft-Dollar Benefits***

ClariFinancial does not trade client's accounts and therefore receives no research, product, or services from a broker-dealer ("soft dollar benefits").

#### ***2. Brokerage for Client Referrals***

ClariFinancial receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

ClariFinancial does not trade client's accounts.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

ClariFinancial does not trade clients' accounts and therefore does not have the ability to block trade purchases across accounts.

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

For one-off hourly financial planning engagements, accounts are reviewed upon financial plan creation and plan delivery by Clarissa Krinsky, Owner/COO. That is the total review conducted to create the financial plan.

All one-off financial planning accounts are reviewed upon financial plan creation and plan delivery by Clarissa Krinsky, Owner/COO, and then twice more at 6 months and 12 months after creation.

All ongoing financial planning and education services are reviewed at least every 6 months by Clarissa Krinsky, Owner/COO.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

For one-off hourly financial planning engagements, ClariFinancial's services will generally conclude upon delivery of the financial plan.

Ongoing financial planning reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each financial planning client will receive the financial plan upon completion.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

ClariFinancial does not receive any economic benefit, directly or indirectly from any third party for advice rendered to ClariFinancial's clients.

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

ClariFinancial does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

ClariFinancial does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the client's custodian. Clients will receive account statements from the custodian and should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

ClariFinancial does not have discretion over client accounts at any time.

## **Item 17: Voting Client Securities (Proxy Voting)**

ClariFinancial will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

ClariFinancial neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither ClariFinancial nor its management has any financial condition that is likely to reasonably impair ClariFinancial's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

ClariFinancial has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

ClariFinancial currently has only one management person: Clarissa Sunshine Krinsky. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

ClariFinancial does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

See Item 10.C and 11.B.