

## Form ADV Part 2A

January 5, 2022

### Clarus Financial Planning, Inc.

A State of Illinois Registered Investment Advisor

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This brochure provides information about the qualifications and business practices of Clarus Financial Planning, Inc. If you have any questions about the contents of this brochure, please contact us at 630-492-1244 or [Info@ClarusPlans.com](mailto:Info@ClarusPlans.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. While the firm and its personnel are registered with the State of Illinois, it does not imply a certain level of skill or training on the part of the firm or its personnel.

Additional information about Clarus Financial Planning, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD number, 136843.

## Material Changes

None.

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## Section A – Advisory Business

Clarus Financial Planning, Inc. has been in business since 2005. Liane Warcup is the President and sole owner of the firm. We hold ourselves to a *fiduciary standard*, which means our firm and its associates will act in the utmost good faith and perform in a manner believed to be in the best interest of our clients. As fiduciaries, we are obligated to put you – our client – first.

We provide financial planning and investment advisory services to individuals and families on a Fee-Only basis. Our Financial Planning Program services are provided annually and as needed throughout the year, and clients pay a monthly fee for this planning and advice.

### Financial Planning Program

Financial Planning Program annual services offered: Specific and tailored investment advice and portfolio rebalancing instructions, ongoing goals-based financial projections, and financial review meetings. In addition to our investment advisory services, we offer financial planning services on topics such as retirement planning, Social Security optimization, risk management (life, disability, long-term care, health, home, auto, and umbrella insurance), college savings, cash flow and debt management, work benefits, and estate and incapacity planning. We provide Financial Snapshot and Action Plan reports at the annual review meetings. The Financial Planning Program includes access to our portfolio aggregation and financial planning application.

### Investment Advisory Details

Our investment advisory services are tailored for each client. We do not directly manage or monitor your investments, nor do we have discretion over or custody of your assets. Rather, we provide investment recommendations for you to implement using mutual funds and exchange-traded funds with a preference for low-cost index funds. For clients who prefer direct investment management, we recommend low-cost third-party investment managers.

Our investment advice is focused on helping you determine and choose the appropriate target percentages (i.e. asset allocation) and specific investments for your portfolio. We provide specific instructions on how to reallocate your investment accounts but you are responsible for implementation. We do not make trades on your behalf. We encourage you to meet with us on an annual basis for instructions on rebalancing your portfolio to its target percentages.

For clients who no longer want to be responsible for the implementation of portfolio rebalancing instructions, Clarus recommends independent, unaffiliated third-party investment managers who provide portfolio management services. Through this arrangement, we may recommend the third-party manager's investment strategies and services to clients, when appropriate, based on client's individual needs and in relation to the client's investment objectives, time horizon and risk tolerance. The client enters into an investment management agreement with the third-party investment manager to manage the assets within the client's account, in accordance with the model selected. We also meet with the client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account.

Clarus will ensure that all third-party investment managers recommended to clients will be either an investment advisor registered with the appropriate state securities commission, the Securities and Exchange Commission, or exempt from such registrations. The client, prior to entering into an agreement with a third-party investment manager, will be provided with that manager's ADV Part 2A Firm Brochure, which includes a description of the fees charged by the manager. The third-party manager will have discretion to determine the securities to buy and sell within the account, based on its model allocation policy and subject to any reasonable restrictions required by the client.

If clients choose to work with a third-party investment manager, Clarus will assist in the identification of your investment objectives, recommend specific investment asset allocation strategies, review your portfolio performance, and recommend reallocation among allocation strategies when needed.

## Section B – Fees and Compensation

We charge for our services on a flat fee basis. This is our only form of compensation.

### Financial Planning Program

New clients pay a one-time initial fee equal to half of their first year of program fees, and all clients pay an ongoing monthly fee based on their net worth. The program fee is \$275 per month for up to \$1.5 million of net worth plus \$75/month per \$500,000 above \$1.5 million. See the chart below. The monthly fee is determined at the introductory appointment, stated on the Client Service Agreement, and reviewed/updated every two years. Fees will not be changed without written consent.

Financial Planning Program		
Net Worth up to	Monthly Program Fee	Initial Fee
\$1.5 million	\$275	\$1,650
\$2 million	\$350	\$2,100
\$2.5 million	\$425	\$2,550
\$3 million	\$500	\$3,000
\$3.5 million	\$575	\$3,450
\$4 million	\$650	\$3,900

*\*\* Financial positions exceeding \$4 million: The base fee is \$650 per month plus \$75 per month for each additional \$500,000 of net worth.*

The initial fee for new Financial Planning Program clients is due when you sign our Client Service Agreement. Financial Planning Program monthly fees are paid in arrears (for the past month) via electronic payment and are due on the 20<sup>th</sup> of each month.

If you request to terminate as a Financial Planning Program client, we will refund any unearned, pre-paid fees from your initial fee within twenty days of receiving your written termination notice. We will not refund any monthly fees since they are paid in arrears.

If you follow our investment advice, you may also incur separate fees and expenses that are charged by mutual funds and/or exchange traded funds. We recommend that you review each investment prospectus for a complete explanation of these fees and expenses. In addition, you may incur separate transaction costs or administration fees from brokerage firms. We recommend that you obtain a complete schedule of fees from your brokerage firm. We do not receive any portion of these other fees. We do not receive commissions or third-party compensation of any kind.

Third-party manager fees vary and are described in their ADV Part 2A Firm Brochure, which will be provided to the client prior to signing an agreement with the third-party manager. Fees will also be outlined in the investment management agreement between the client and the manager. We do not receive any portion of these fees. We do not receive commissions or third-party compensation.

## Section C – Performance-Based Fees and Side-by-Side Management

We do not earn fees based on the performance of your assets. Our only form of compensation is the fee paid directly by our clients.

## Section D – Types of Clients

Clarus Financial Planning, Inc. primarily serves individuals and families. We require new Financial Planning Program clients to pay an initial fee and an ongoing monthly fee as shown above in the Fees and Compensation section. We have no other minimums or ongoing requirements of our clients. We reserve the right to decline services to any prospective client for any non-discriminatory reason.

## **Section E – Methods of Analysis, Investment Strategies and Risk of Loss**

Our investment advisory services focus on helping you determine an appropriate investment mix (i.e. asset allocation) for your accounts and total investment portfolio. We will give you an asset allocation recommendation that is based on 1) the results of a risk tolerance discussion, 2) your past behavior during volatile markets, 3) the amount of time you expect to be invested, and 4) your need (or lack thereof) to take risk to meet your stated goals.

Once we determine the target percentages for each asset class (i.e. distinct investment type) in your portfolio, we provide you with specific instructions on how to reallocate your account(s) to meet the asset allocation we have recommended.

We recommend you invest in mutual funds and exchange traded funds within your accounts, and use low-cost, passively managed index funds whenever possible. We do not provide recommendations for buying individual securities such as individual stocks or bonds, but we do take existing individual securities into account when giving you investment advice.

We believe in a strategic buy, hold, and rebalance investment strategy and will recommend you take this approach with your investments. We typically recommend that you reallocate your portfolio back to the target percentages on an annual basis.

While we strive to provide you with the highest possible return for a given level of risk, we cannot guarantee that you will achieve a certain level of return or meet your investment objectives. Your investments, including your original principal, may lose value if you follow our recommendations.

Investing in mutual funds and exchange traded funds involves risks including general market risk, liquidity risk, interest rate risk, currency risk, and political risk, among others. Investing in index funds, in particular, exposes you to the risk of tracking error, which is defined as the fund's deviation from its stated benchmark. We encourage you to read each fund's prospectus prior to investment for a discussion of its particular risks.

## **Section F – Disciplinary Information**

Clarus Financial Planning, Inc. and its personnel have never been the subject of a legal or disciplinary event.

## **Section G – Other Financial Industry Activities and Affiliations**

Clarus Financial Planning, Inc. and its personnel are not involved in other financial industry activities.

## **Section H – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

### **Acknowledgement of Fiduciary Status**

As a fiduciary, we have a duty to act solely in the best interest of each client and with the utmost integrity in all our dealings. Clarus Financial Planning acknowledges fiduciary status for itself and its Advisers. Clarus Financial Planning and its Advisers adhere to basic standards of impartial conduct, give prudent advice that is in the client's best interest, avoid misleading statements, and receive no more than reasonable compensation.

## **Code of Ethics**

Our fiduciary duty is a core aspect of our Code of Ethics. We adhere to the Code of Ethics and Standards of Conduct adopted by the CFP® Board of Standards, Inc. We accept not only the obligation to comply with the mandates and requirements of all applicable laws and regulations but also the responsibility to act in an ethical and professionally responsible manner in all professional services and activities. We follow the following core principles:

1. Act with honesty, integrity, competence, and diligence.
2. Act in the client's best interests.
3. Exercise due care.
4. Avoid or disclose and manage conflicts of interest.
5. Maintain the confidentiality and protect the privacy of client information.
6. Act in a manner that reflects positively on the financial planning profession and CFP® certification.

## **Privacy Policy**

At Clarus Financial Planning, Inc. (Clarus), we respect the personal financial privacy of all our clients. We understand our clients have entrusted us with private, personal financial information, and it is important to us that employees and clients of Clarus know our policy concerning what we do with that information.

We collect personal financial information about our clients from information they provide orally, electronically, or during planning meetings. In addition, we may receive information from third parties with our clients' permission.

We do not disclose any nonpublic personal financial information about our clients to anyone, except when required to provide services our clients have requested, when our clients have specifically authorized us to do so in writing, or when permitted or required by law.

Within Clarus, we restrict access to clients' personal financial information to the employees who need to know that information. To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of our clients.

In addition, employees understand that everything handled is private and confidential. Employees are instructed to only discuss what is needed to complete the job. Most importantly, we never discuss a client's situation with any third party, unless we are specifically authorized to do so, in writing, by the client.

## **Participation or Interest in Client Transactions, Personal Trading**

We may hold personal positions in the investments we recommend to you and other clients. If we happen to purchase or sell the same mutual fund or exchange traded fund at or about the same time that you do, it is purely coincidental. We know when we provide you with trade recommendations, but you control the timing of those trades. We do not purposefully time our trades around trades that our clients are making. We do not recommend that you or any other client invest in any security in which we have a material financial interest. We do not buy securities from, sell securities to, or loan money from or to our clients.

## **Section I – Brokerage Practices**

Clarus Financial Planning, Inc. is not affiliated with any bank, custodian or brokerage firm. If you engage us to provide investment advice, we will offer to work with your current brokerage firm, or we will recommend one to you. Our recommendation will be based solely on what we think is in your best interest. We do not receive any form of compensation from brokerage firms or custodians.

## **Section J – Review of Accounts**

We do not provide continuous monitoring of our financial planning and investment advisory recommendations. Annual investment reviews are provided for Financial Planning Program clients.

## **Section K – Client Referrals and Other Compensation**

We are not compensated, nor do we compensate others, for client referrals.

## **Section L – Custody**

We do not take custody of your assets. You will receive statements directly from the custodian you choose to hold your assets.

## **Section M – Investment Discretion**

We do not provide discretionary investment management services, so issues related to investment discretion are not applicable.

For clients who choose to work with third-party investment managers, those third-party investment managers provide their services on a discretionary basis. Similar to a limited power of attorney, discretionary authority allows the investment manager to implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your prior authorization for each transaction in order to meet your stated investment objectives. This authority is granted through your execution of their investment management agreement and the selected custodian's account opening documents.

## **Section N – Voting Client Securities**

We do not have authority to vote on issues related to our clients' securities. You will receive proxies and other solicitations directly from the custodian or transfer agent for your investments. You will be responsible for directing how proxies are voted on your behalf.

## **Section O – Financial Information**

Due to the nature of our services, we are not required to provide an audited balance sheet in this disclosure document. We do not have any financial conditions that require further disclosure.

## **Section P – Requirement for State-Registered Advisers**

Please see the Brochure Supplement below for information about our executive officers and management persons.

## **Part 2A Appendix 1 – Wrap Fee Program Brochure (Not Applicable)**

Clarus Financial Planning, Inc. does not sponsor a wrap fee program, so issues related to a wrap fee program are not applicable.

## Form ADV Part 2B | Brochure Supplement

January 5, 2022

### **Clarus Financial Planning, Inc.**

A State of Illinois Registered Investment Advisor

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This brochure supplement provides information about our financial advisors that supplements the Clarus Financial Planning, Inc. brochure. That brochure is available to all clients upon request and can be downloaded from our website: [www.ClarusPlans.com](http://www.ClarusPlans.com). If you have any questions about the contents of this brochure, please contact us at 630-492-1244 or [Info@ClarusPlans.com](mailto:Info@ClarusPlans.com).

## Educational Background and Business Experience

**Name: Liane Warcup, CFP®<sup>1</sup>**

Year of Birth: 1969

Education:

- MPM - Masters in Public Sector Financial Mgmt, University of Maryland, College Park, MD (1993)
- BS with Honors in Political Science, Chinese Minor, United States Air Force Academy, Colorado Springs, CO (1991)

Experience:

- President and Owner - Clarus Financial Planning, Inc., Geneva, IL (since 2005)
- Financial Advisor - AG Edwards & Sons, Inc, Geneva, IL (2003 – 2005)
- Consultant - Linsco Private Ledger, Geneva, IL (2002 – 2003)
- Investment Representative - Edward Jones, Federal Way, WA, (1997 – 2001)
- Finance Officer – US Air Force (1991 – 1997)

*1 – The CFP® certification is administered by the CFP Board of Standards, Inc. To earn CFP® certification, applicants must pass the CFP® Certification Examination, have a bachelor's degree from an accredited college or university, have three years of full-time relevant personal financial planning experience, and agree to adhere to CFP Board's Code of Ethics and Professional Responsibility, Rules of Conduct, and Financial Planning Practice. Details on initial CFP® certification are available at <http://www.cfp.net/become/certification.asp>. CFP certificants are required to complete 30 hours of continuing education and to renew an agreement to be bound by the Standards of Professional Conduct every two years.*

## Disciplinary Information

Liane Warcup has not been the subject of any legal or disciplinary events.

## Other Business Activities

Liane Warcup is not engaged in other business activities.

## Additional Compensation

Liane Warcup does not accept or receive additional economic benefit (i.e. sales awards or other prizes) for providing advisory services to clients.

## Supervision

Liane Warcup is solely responsible for the advice given to clients by Clarus Financial Planning, Inc. You can contact her at 630-492-1244 or [Info@ClarusPlans.com](mailto:Info@ClarusPlans.com), or at the address provided on the cover page of this Brochure Supplement.

## Requirements for State-Registered Advisers

Liane Warcup has not been involved in an arbitration claim, civil proceeding, self-regulatory organization proceeding, administrative proceeding, or bankruptcy petition.