

**Keatley Wealth Management, LLC
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January 7, 2012

**FORM ADV PART 2A.
BROCHURE**

This brochure provides information about the qualifications and business practices of Keatley Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 704-540-5535. 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 Keatley Wealth Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Keatley Wealth Management, LLC is 127980.

Keatley Wealth Management, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Advisory Business

Form ADV Part 2A, Item 4

Keatley Wealth Management, LLC's registration was granted by the State of North Carolina on August 6, 2003. Karen R. Keatley (CRD Number 1693540) is the sole member and principal of the firm. Ms. Keatley owns one hundred (100%) percent of the equity of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries, which have any ownership interest in the firm. Client assets are managed on an individualized basis. The firm does not sponsor any wrap programs. As of December 1, 2011, the firm managed on a discretionary basis \$23,000,000 which represented 71 accounts.

Financial Planning Services

Keatley Wealth Management, LLC ("KWM") provides financial planning services to individuals and families. These services may be general in nature or focused on particular areas of interest or need, depending upon each Client's unique circumstances. Advice is rendered in the areas of cash flow and debt management, risk management, college funding, retirement planning, estate planning, tax planning, asset allocation and investment selection. The Advisor employs fundamental, long-term financial planning and investment strategies.

The Advisor first conducts an initial interview and gathers data to assist Client in determining specific needs, goals, objectives and tolerance for risk. Advisor then prepares analysis of the current financial situation and possible future scenarios, when appropriate. Next, the Advisor presents the analysis and a written summary of the significant observations, assumptions and recommendations over each area that the Advisor was engaged to provide advice. Upon the completion of this presentation the engagement is concluded. Clients may re-engage Keatley Wealth Management, LLC as needed. Periodic financial check-ups are recommended and it is the Client's responsibility to initiate this review.

Investment Advisory Services

KWM manages investment portfolios for individuals, charitable organizations and other entities. KWM will work with the Client to determine the Client's investment objectives, tax situation, and ability and willingness to assume risk. KWM will evaluate the Client's existing investments, if requested to do so. KWM will allocate the Client's account among various asset classes taking into consideration the overall investment allocation agreed to by the Client.

KWM primarily recommends portfolios consisting of no-load, institutional class funds offered by Dimensional Fund Advisors (DFA), Fidelity and others, in addition to exchange traded funds (ETFs), individual fixed income securities, certificates of deposit, and rarely, individual equity securities. KWM manages all portfolios on a discretionary basis. KWM acts as a fee-only investment advisor for Clients who contract with KWM for investment advisory services. KWM does not receive any commissions or other income in connection with acting as the Client's investment advisor except for the fees described below.

Termination of Investment Advisory Services

Client may terminate KWM advisory services without penalty within (5) business days of signing the investment advisory agreement. In all other situations, the investment advisory agreement is effective for one year and shall be automatically renewed for successive one year terms unless terminated by either the Client or KWM within thirty (30) days written notice. Upon proper notice, any unearned fees Client has paid to KWM will be refunded pro-rata based upon the number of days remaining in the current quarter.

If Client transfers all assets to another custodian or removes KWM as the designated investment advisor with the current custodian, the advisory agreement in force will be deemed terminated without proper notice and no refund of fees will be required. KWM in its sole discretion may choose to refund fees as if proper notice was given.

Clients are advised that they may keep any existing shares of DFA funds already owned, but new shares may not be purchased without approval from DFA. In addition, not all custodians will hold DFA funds so Clients may experience some limitation in managing these funds after terminating advisory services with KWM.

Fees and Compensation

Form ADV Part 2A, Item 5

Financial Planning Fees

Fees for financial planning services are \$250 per hour and are negotiable at the sole discretion of KWM. Hourly fees are billed in six (6) minute increments. Projects spanning more than three months will be billed quarterly. Fees are not collected for services to be provided more than 6 months in advance. For financial planning services, KWM requires a deposit for initial engagements in the amount of the lesser of \$500 or ½ of the lower end of the estimated fee range. The balance of fees due are payable immediately upon presentation of the plan or advice to Client. Services to be provided and the anticipated fee range are detailed in the written Service Agreement.

Either party may terminate an engagement upon written notice within (5) days of signing the Service Agreement, at which time no fees would be due. Should Client terminate the engagement after this date, Client is responsible and will be invoiced for any time charges incurred by Advisor in the preparation of their Plan.

Investment Advisory Fees

Investment Fee Schedule*
(Applies to entire account balance)

<i>Portfolio Value</i>	<i>Annual Fee</i>
<i>First \$500,000</i>	<i>1.00% (new acct. minimum is \$300,000)</i>
<i>The next \$1,500,000</i>	<i>.75%</i>
<i>\$2,000,000 and above</i>	<i>.50%</i>

KWM, at its discretion, may accept new investment accounts under our published minimum.

Advisory fees are normally computed on the entire account balance and charged quarterly in advance based upon the market value of Client's account as reflected in the custodian statement as of the end of the prior quarter. Initial charges will be pro-rated for the current quarter.

Additional assets deposited into Client's account after it is opened may be charged a pro rata fee based upon the number of days remaining in the current calendar quarter. No fee adjustments will be made for partial withdrawals. If an account falls below the minimum account size requirement, KWM reserves the right to terminate advisory services.

Individual accounts for members of the same household may be assessed fees based upon the total account balances of all members. Individual accounts for extended family members may be assessed fees based upon the accounts of the primary Client.

Owners or employees of KWM and their immediate family members are charged a maximum annual fee of .25%.

KWM advisory fees will be withdrawn directly from the Client's account held by an independent custodian. The custodian of the account is advised in writing of the limitation on KWM's access to the account. The custodian will also send a statement directly to the Client, at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees paid to KWM.

All fees paid to Keatley Wealth Management, LLC for financial planning and advisory services are completely separate and distinct from the fees and expenses charged by mutual fund, ETF's to their shareholders. These fees and expenses are described in each fund's prospectus. A Client could invest in the funds directly without the services provided by KWM. In this case, the Client would not receive the advice and services provided by KWM which are designed, among other things, to assist the Client in determining which funds are most appropriate to each Client's financial situation and objectives. DFA funds also may not be available to the retail Client directly. Accordingly, the Client should review both the fees charged by KWM and the fees charged by the funds to fully understand the total amount of fees to be paid.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

None.

Types of Clients

Form ADV Part 2A, Item 7

Types of Clients

Individuals, trusts, estates charitable organizations, corporations and other business entities.

Minimum Account Size for Investment Advisory Services

KWM has no minimum net-worth or account balance for financial consulting services. KWM normally requires a new account minimum of \$500,000 for investment advisory services. Related household, family and business accounts may be aggregated to meet the minimum, subject to approval by KWM. Occasionally, the minimum may be waived for unique situations. Client is advised that smaller accounts are more difficult to diversify and rebalance and may not experience the same performance as larger accounts.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

Method of Analysis and Investment Strategies

If Advisor is engaged to provide investment advice, Client's current financial situation, needs, goals, objectives and tolerance for risk are first evaluated. Asset allocation and investment policy decisions are then made to, in Advisor's best judgment, help Client to achieve his/her overall financial objectives while minimizing risk exposure. Asset allocation is a key component of investment portfolio design. Advisor believes that the appropriate allocation of assets across diverse investment categories (stock vs. bond, foreign vs. domestic, large cap vs. small cap, high quality vs. high yield, etc.) is the primary determinant of portfolio returns and critical in the long-term success of one's financial objectives.

Advisor employs fundamental, long-term, buy-and-hold philosophies and approaches in their investment selection and implementation strategies. Recommendations provided are based on publicly available reports, analysis, research materials, computerized asset allocation models, and various subscription services. On occasion, Client may direct that a particular security be held or traded in their account, and KWM may accommodate their request without taking responsibility for the performance of that security.

KWM does not represent, warrant or imply that the services or methods of analysis used by KWM can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or crashes. No guarantees can be offered that Client's goals or objectives will be achieved. Furthermore, no promises or assumptions can be made that the advisory services offered by KWM will provide a better return than other investment strategies.

Client is advised that the investment recommendations and advice offered by KWM are not legal advice or accounting advice. Client should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Client is advised that it is necessary to inform KWM promptly with respect to any changes in Client's financial situation and/or investment goals and objectives. Failure to notify KWM of any such changes could result in investment recommendations not meeting the needs of the Client.

Disciplinary Information

Form ADV Part 2A, Item 9

None.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

None.

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

Form ADV Part 2A, Item 11

Keatley Wealth Management, LLC has a Code of Ethics which states that the Advisor will place the Clients' interests first and will refrain from having outside interests that conflict with the Client. The Code of Ethics also requires that the Advisor disclose any potential and actual conflicts of interest to Clients. Advisor also adheres to the codes of ethics for both the National Association of Personal Financial Advisors and CFP Board of Standards.

Advisor will provide a copy of its Code of Ethics to Clients and prospective clients upon request.

At times employees and other related parties to Advisor may hold positions in securities that may also be recommended to Clients. However, at no time will Advisor or any related party receive preferential treatment over Clients.

Advisor enforces the applicable rules of the North Carolina Investment Advisors Act, including the prohibition against insider trading. Advisor maintains the required personal securities transaction records for all employees.

Brokerage Practices

Form ADV Part 2A, Item 12

KWM participates in the Fidelity Institutional Advisory Group (FIAG) program sponsored by Fidelity Investments, Inc. Fidelity is a NASD registered broker/dealer. KWM regularly reviews this program to ensure that it is consistent with KWM's ability to meet its fiduciary duty to Clients. This platform is essential to KWM's service arrangements and capabilities, and KWM may not accept Clients who direct the use of other custodians. KWM Clients will receive discounted transaction costs on securities trades placed in their accounts. These discounted transaction costs are normally less than would be charged by national, full service retail brokers, but may be higher than available with deep discount brokers. For certain fixed income transactions, KWM may request written authority from Client to direct the broker/dealer to be used for Client trades. KWM will assess the reasonableness of mark up/mark downs is based upon the broker/dealer's ability to provide professional services, competitive execution, and other assistance that will help KWM to provide investment management services to Clients. KWM does not have any arrangements to compensate or be compensated, by any broker/dealer for Client referrals or trades.

Review of Accounts

Form ADV Part 2A, Item 13

Account assets for Investment Advisory clients are supervised continuously and formally reviewed at least annually by Karen R. Keatley. The review process will include: comparing the current asset allocation to the recommended asset allocations and evaluating the need for rebalancing or tax management activities. Additional account reviews may be triggered by any of the following events: a specific client request, deposit or withdrawal of client funds, or a change in the client's stated goals or objectives.

With regard to traditional hourly financial planning, Keatley Wealth Management, LLC ("KWM") does not undertake to provide continuous monitoring services, thus does not provide ongoing reviews of clients' accounts once the financial planning or hourly consultation engagement is completed.

Quarterly reports will be furnished in addition to the custodian's regular monthly statements provided by Fidelity.

Periodic reports are not furnished to hourly financial planning clients.

No separate reports will be furnished to clients regarding asset allocation reviews or rebalancing.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Fidelity extends various discounts for services and products to KWM that may not be offered to other advisory firms who do not custody assets at Fidelity. These may include electronic trading capability, electronic download statements, educational and marketing materials, a dedicated Client service manager and educational opportunities. KWM also receives free or discounted software or other services from various sources due to its memberships with other organizations such as the AIMR, FPA, NAPFA, etc.

All non-public, personal Information exchanged between Client and Advisor shall be treated as confidential and shall not be disclosed to third parties, except as expressly requested by Client, required to provide services requested by Client, or as required by law.

Custody

Form ADV Part 2A, Item 15

None.

Investment Discretion

Form ADV Part 2A, Item 16

KWM normally requires discretionary authority from advisory Clients to determine which securities and the amounts of securities that are bought or sold in a Client's account.

Client grants this authority by means of a written Investment Advisory Agreement. This agreement does not grant KWM the authority to take custody or possession of any Client assets, rather Client gives KWM a limited power over the Client's account at the selected custodian. KWM does not have authority to accept any commissions from Client's investment transactions.

Voting Client Securities

Form ADV Part 2A, Item 17

KWM does not vote proxy statements on behalf of advisory clients.

Financial Information

Form ADV Part 2A, Item 18

KWM does not receive fees more than six months in advance.

Requirements for State-Registered Advisers

Form ADV Part 2A, Item 19

Education and Business Background

Name: Karen R. Keatley, CFP[®], CFA, born 1962

Education: Certified Financial Planner (CFP[®]), 2003
Chartered Financial Analyst (CFA), 1992
Duke University, MBA, 1988
Lehigh University, Bachelor of Arts in Economics and Psychology, 1984

Experience: **Keatley Wealth Management, LLC** (formerly K Squared Financial Financial Planning LLC). President, 4/03 – present
Investment Advisor Representative
The Prudential Insurance Company of America
Vice President, Prudential Investment Corporation
Managed portfolio of General Account consisting primarily of fixed-income, private placement assets. 6/88-4/95.

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 a number of 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 examination, administered in 10 hours over a two-day period, 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 in order 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.

Additional Information

Privacy Notice

KWM gathers non-public information from Clients in order to provide advisory products and services. KWM does not share non-public information with nonaffiliated third parties except as directed verbally or in writing by the Client or required by law. Clients will be provided with a copy of KWM's privacy policy upon establishment of a Client relationship with KWM and annually thereafter as long as Client remains an active Client.

Karen R. Keatley

**Keatley Wealth Management, LLC
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Phone: 704-540-5535

January 7, 2012

**FORM ADV PART 2B
BROCHURE SUPPLEMENT**

This brochure supplement provides information about Karen R. Keatley that supplements the Keatley Wealth Management, LLC brochure. You should have received a copy of that brochure. Please contact Karen R. Keatley, Principal, if you did not receive Keatley Wealth Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Karen R. Keatley is available on the SEC's website at www.adviserinfo.sec.gov.

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Educational Background and Business Experience

Form ADV Part 2B, Item 2

Education and Business Background

Name: Karen R. Keatley, CFP[®], CFA, born 1962

Education: Certified Financial Planner (CFP[®]), 2003
Chartered Financial Analyst (CFA), 1992
Duke University, MBA, 1988
Lehigh University, Bachelor of Arts in Economics and Psychology, 1984

Experience: **Keatley Wealth Management, LLC** (formerly K Squared Financial Financial Planning LLC). President, 4/03 – present
Investment Advisor Representative
The Prudential Insurance Company of America
Vice President, Prudential Investment Corporation
Managed portfolio of General Account consisting primarily of fixed-income, private placement assets. 6/88-4/95.

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- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
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Individuals who become certified must complete the following ongoing education and ethics requirements in

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- 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.

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Disciplinary Information

Form ADV Part 2B, Item 3

None.

Other Business Activities

Form ADV Part 2B, Item 4

None.

Additional Compensation

Form ADV Part 2B, Item 5

None.

Supervision

Form ADV Part 2B, Item 6

Not applicable.

Requirements for State-Registered Advisers

Form ADV Part 2B, Item 7

Not applicable.