

**BROCHURE OF**  
**BICYCLE FINANCIAL LLC**

A Delaware Limited Liability Company registered with the Securities and Exchange Commission  
as an Investment Adviser (CRD #164596)

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This brochure provides information about the qualifications and business practices of Bicycle Financial LLC. If you have any questions about the contents of this brochure, please contact us at [feedback@bicyclefin.com](mailto:feedback@bicyclefin.com).

Neither the U.S. Securities and Exchange Commission (SEC) nor any state securities authority has passed upon the adequacy or accuracy of this brochure. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about Bicycle Financial also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The date of this brochure ("Brochure") is

March 5, 2014

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above.

**Item 2.**

**Material Changes**

This brochure was prepared for Bicycle Financial LLC's annual updating amendment. There are no material changes to our advisory business since our updated brochure dated November 1, 2013.

## TABLE OF CONTENTS

### Part 2A – Disclosures about Bicycle Financial LLC

Item Number	Page Number
Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation.....	6
Item 6 – Performance-Based Fees and Side-by-Side Management.....	8
Item 7 – Types of Clients.....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9 – Disciplinary Information.....	12
Item 10 – Other Financial Industry Activities and Affiliations.....	12
Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.....	12
Item 12 – Brokerage Practices.....	13
Item 13 – Review of Accounts.....	14
Item 14 – Client Referrals and Other Compensation.....	14
Item 15 – Custody.....	14
Item 16 – Investment Discretion.....	14
Item 17 – Voting Client Securities – Proxy Policy.....	15
Item 18 – Financial Information.....	15
Item 19 – Requirements for State-Registered Advisers.....	15

## I. Part 2A – DISCLOSURE ITEMS ABOUT THE FIRM

### Item 4. Advisory Business:

- (A) **General Description of Advisory Firm:** Bicycle Financial LLC (the “Firm”) is a limited liability company that was founded in 2012. The Firm is a wholly owned subsidiary of Bicycle Financial, Inc. (“Bicycle Financial”). The Firm is a U.S. Securities and Exchange Commission (“SEC”) registered investment adviser.

The Internet-based Firm provides financial planning and guidance to its Clients. In addition to investment recommendations, the Firm provides guidance concerning non-investment related matters, such as personal debt and budgeting. The Firm does not take or maintain custody of any Client funds or securities. As part of its services, the Firm recommends an independent qualified custodian, such as Shareholders Service Group, to maintain Client funds and securities.

- (B) **General Description of Advisory Services Offered:** The Firm assists its Clients with financial planning by providing guidance related to saving, budgeting, and investing, through a proprietary web-based technology platform (the “Wizard”). In this process, the Client enters personal information into the Wizard. With that information, the Wizard performs two functions: first, it determines the contents of the Client’s “Bicycle Kit” and the resources to which the Client will be directed on the Firm’s website; second, it provides non-discretionary investing recommendations tailored to the Client.

The Bicycle Kit is a way of packaging financial guidance, such as articles, and tools, such as calculators, that are assembled in response to the individual Client’s input into the Wizard. In addition to the Bicycle Kit, the Firm provides access, on a subscription basis, to an abundant library of personal finance-related materials and tools on its website.

The Firm’s investing recommendations are currently only provided with respect to Target Date mutual funds and Money Market accounts that are managed by investment advisors with which the Firm may have prior compensation and other arrangements.

Target Date mutual funds are diversified funds that are structured to address a future date or event, such as retirement. The fund’s manager typically allocates the fund’s asset mix (stocks, bonds, and cash equivalents) more aggressively early on and shifts the allocation to be more conservative as the “target date” draws nearer.

Money Market accounts (“MMs”) can be used to build cash for an emergency fund or other short-term goals. MMs may be Money Market Funds, which are brokerage products, or Money Market Accounts, which are bank products. Money Market Funds are not FDIC-insured, which means there is some risk of loss of principal but, historically, that risk has been slight. They traditionally pay a better interest rate than a bank money market account. Money Market Funds are regulated under the Federal Securities Laws and are required to invest in short-term debt securities such as certificates of deposit and U.S. Treasury bills. The funds try to maintain a share price of \$1; however, there's no guarantee a fund will be able to maintain the share price.

Clients must make an independent determination as to whether to follow any recommendation made by the Wizard and must make their own arrangements for execution of any desired transactions or the use of any custodian or broker dealer.

- (C) **Tailoring of Advisory Services and Client Imposed Restrictions:** Using the information provided by the Client, the Firm will tailor its guidance to the Client in terms of the types of investing accounts to open and the amount of money to invest. Incomplete and/or incorrect information provided by a Client may result in investment advice that is not tailored to the Client’s particular situation.

As the Firm does not have investment discretion over Client accounts, Clients are free to follow, modify, or disregard the Firm’s investment recommendations as they may choose.

Clients are strongly encouraged to consider their individual circumstances, risk tolerance and needs prior to following any of the Firm’s generated recommendations.

- (D) **Wrap Fee Programs:** Not applicable.

- (E) **Client Assets Under Management:** *(rounded to the nearest \$100,000)*  
Discretionary: Not applicable.  
Non-discretionary: Not applicable.

**Assets Under Advisement:** As of March 3, 2014, the Firm had less than \$100,000 under advisement.

The Firm does not maintain “assets under management” as that term is defined in the instructions to Form ADV. Rather, the Firm provides initial advice to Clients without continuous and regular monitoring and

reallocation. Beyond that, the Firm provides intermittent or periodic advice when requested by the Client. Assets included in the Firm's calculation of Assets Under Advisement are those Client assets held in accounts at SSG that are opened via the Firm.

**Item 5. Fees and Compensation:**

**Generally:** The Firm is compensated for its services in various ways depending upon the types of services each Client elects. As described in Section (A) below, Clients pay a monthly or annual subscription fee to access the Firm's content, calculators, and any other services the Firm elects to provide. The Firm reserves the right, in its sole discretion to amend or change its pricing policy for its current services or any additional services that it may offer. As described in Sections (C) and (E) below, the Firm may be compensated from other third-party sources depending upon whether the Client elects to use Firm-recommended investment vehicles.

- (A) **Payment of Fees:** Clients pay the Firm an "Upfront Fee" or a "Subscription Fee" when they purchase a Bicycle Kit. The Bicycle Kit is transferable. The Fees are non-negotiable and non-refundable. They entitle the recipient of the Bicycle Kit to month-by-month or one year's access ("Access Period") to the entire library of the Firm's Online Content and Tools (collectively, "Online Content"), in addition to the materials packaged in the Bicycle Kit. After the Access Period ends, the Client is able to maintain their subscription by continuing to pay the fee ("Renewal Fee"). The Renewal Fee, which is non-negotiable and non-refundable, is paid in advance of each subsequent renewal period. The Upfront Fee, Subscription Fee and Renewal Fee are subject to change in the Firm's sole discretion.

**Alternative Fee Arrangement for Employers:** The Firm offers employers an option to provide their employees a Bicycle Kit and access to the Firm's Online Content as a complement to other services employers offer their employees. The fees for the employer services are billed monthly and are negotiable. Whether the fees are paid by the individual user or the employer depends upon each employer's preferences.

- (B) **Fee Deduction:** The Firm does not deduct fees from Client assets.
- (C) **Other Fees and Expenses:** In addition to the Upfront Fee and Renewal Fee, Clients may incur certain other standard fees and expenses from third parties that the Firm recommends to the Client. Such fees and costs are separate and distinct from Firm fees. They could include brokerage commissions, account opening fees, transaction fees, custodian fees, mutual fund operating expenses, 12(b)-1 fees, IRA and qualified retirement

plan fees, and other related costs and expenses that would be incurred directly by the Client and billed according to standard terms set by the third party. A description of these fees and expenses is available in materials provided to the Client by each firm.

Clients may access the Firm's Online Content and receive recommendations without any condition or obligation, directly or indirectly, to act on the Firm's recommendations. Even if they elect to follow the Firm's recommendations, Clients are not obligated to utilize specific brokers, custodians, or funds recommended by the Firm.

**(D) No Prepaid Advisory Fees:** Other than the Upfront Fee and Renewal Fee, the Firm does not charge Clients advisory fees.

**(E) Compensation for the Sale of Securities or Other Investment Products:** The Firm or its parent company, Bicycle Financial, may be compensated by third parties for Client referrals. This practice presents conflicts of interest that may give the Firm an incentive to recommend products based in part upon the existence of such compensation arrangements rather than based solely on the Client's needs.

The Target Date funds that the Firm recommends are No-Load mutual funds. Although the funds are "no-load," they still incur internal fees charged by the Target Date fund company to cover management, distribution and other costs. Each fund's prospectus explains the specific fees applicable to each fund.

In deciding which Target Date funds to recommend, the Firm's Investment Committee assesses fund managers, no less than semi-annually, on the basis of multiple factors related to their Target Date funds, including but not limited to the funds' historical performance, ratings by third-party firms such as Morningstar, and the cost of the funds to investors.

For the funds it recommends, the Firm receives no compensation from the fund companies.

The Firm may make referrals for life insurance to a 3<sup>rd</sup> party life insurance provider. In that case, the Firm may receive compensation in the form of a referral fee which would be paid regardless of which insurance company Clients sign up with and the amount of insurance purchased.

The Firm addresses these conflicts of interest in numerous ways, including but not limited to the following:

- (i) With regard to insurance products, the Firm discloses that it is making a referral to a 3<sup>rd</sup> party for which the Firm may be compensated with a referral fee.
- (ii) In all cases, the Firm informs its Clients that they may obtain investment and/or insurance products through unaffiliated third party providers.
- (iii) The Firm does not have discretion over any Client funds. Clients have the ultimate decision-making power to accept or reject any recommendations made by the Firm.

**(F) Arbitration:** As provided in the Firm's Client Agreement, Clients who engage the Firm's services must consent to a pre-dispute arbitration agreement. The Firm believes that arbitration or mediation of disputes is generally quicker, easier and less expensive than litigation, which allows the Firm to maintain lower prices for its services. Nevertheless, arbitration does limit certain rights, as discussed more fully in the Client Agreement.

**Item 6. Performance-Based Fees and Side-by-Side Management:**

Not applicable. The Firm does not charge performance-based fees.

**Item 7. Types of Clients:**

The Firm's Clients are generally individuals who are trying to better understand and act on their financial needs. They are not required to have a certain level of investment experience, personal wealth or financial knowledge or sophistication. The Firm's services are not designed to address all of a Client's financial needs. For example, Clients are strongly encouraged to utilize the services of a CPA or other tax professional for advice relating to tax matters and an attorney for estate planning and preservation.

**Item 8. Methods of Analysis, Investment Strategies and Risk of Loss:**

**(A) Methods of Analysis and Investment Strategies:** As described in Item 4.B., the Firm formulates and provides Clients with investment advice via its Wizard. Under an agreement with the Firm, Bicycle Financial designed and developed the Wizard. The Firm's Investment Committee designs the underlying rules driving the Wizard and monitors the Wizard's ongoing function and performance.

As it pertains to securities recommendations, the Wizard's proprietary rules engine generates non-discretionary recommendations based on information provided by the Client. In formulating advice, the Wizard takes

into consideration Client-specified information related to the Client's life, financial situation, and financial goals.

The Firm's investment advice is solely limited to Target Date mutual funds and Money Market accounts. As mentioned in Item 5.E., the Firm selects third-party investment companies that offer Target Date mutual funds and Money Market accounts that meet the Firm's criteria including, but not limited to, fund performance and ratings, and expense ratios.

- (B) Risks Associated with the Firm's Investment Strategies:** All investments involve risk. The Firm does not guarantee the results of the advice given. Significant losses can occur by investing in securities, or by following any investment strategy, including those recommended by the Firm. The financial markets may change, sometimes rapidly and unpredictably, and Clients may not have the ability to avoid or prevent losses.

The Firm bases its recommendations on information provided by Clients and relies on Clients to provide accurate information. If the Client provides inaccurate or incomplete information, this will impact the quality and relevance of the Firm's recommendations.

The Firm generates recommendations to Clients from proprietary software, which may be subject to system error.

Clients are urged to consult with their own legal, financial, tax and economic advisors, and to conduct their own due diligence on recommended securities before following any recommendation by the Firm.

**In making investment recommendations there are a number of factors that the Firm does not consider, including but not limited to:**

Tax Implications: The Firm does not consider Client-specific tax implications with respect to the recommendations it makes. Each Client must rely on its own examination, and that of its tax advisors, in evaluating any tax implications of an investment strategy or selection of an investment vehicle. Clients should not construe the contents of the Wizard, Online Content, or any recommendation made by the Firm as tax advice.

Characteristics of Existing Portfolios: The Firm does not consider a Client's existing assets or investment holdings when making investment recommendations. For example, when making a recommendation to purchase a Security, the Firm does not consider the asset allocation of the

Client's other holdings, nor the securities the Client may already hold in other bank or investment accounts, including but not limited to workplace retirement accounts.

The Firm's services are designed for investors with straight-forward financial situations. The Firm's services are streamlined so that they can remain low-priced. Clients with more complicated financial profiles, including assets that may not be easily or efficiently liquidated, should consider whether the Firm offers the right program for their situation. To the extent the Client funds an account through the Firm by liquidating previously-held securities, the Client should consider fees they may have paid to invest in other funds, and early redemption fees for, or tax consequences of, selling such securities as well as potential brokerage costs.

Material Risks of Investing in Target Date Mutual Funds: As with any mutual fund, there is no guarantee that a Target Date fund will achieve its objective. The "date" of the Target Date refers to the approximate year an investor in the fund expects the catalyst event to occur. For example, when a Client invests for retirement, the date refers to the approximate year the investor would plan to retire and likely would stop making new investments in the fund. Such a fund is designed for an investor who plans to withdraw the value of the account *gradually* after retirement.

The fund's share price fluctuates, which means the Client could lose money by investing in the fund. The losses could occur at or near the target date. The principal risks of investing in Target Date funds include but are not limited to:

- *Asset allocation risk:* A Target Date fund's risks will directly correspond to the risks of the underlying funds in which it invests. By investing in many underlying funds, a Target Date fund has partial exposure to the risks of many different areas of the financial markets, and the Target Date fund's overall level of risk should decline over time as the allocation becomes more conservative. However, the selection of the underlying funds and the allocation of the Target Date fund's assets among the various asset classes and market sectors could cause the Target Date fund to underperform other funds with a similar investment objective.
- *General equity risk:* Stocks generally fluctuate in value more than bonds and may decline significantly over short periods. As with any fund having equity exposure, the Target Date fund's share price can fall because of overall weakness in the stock market. The value of a stock fund in which

the Target Date fund invests may decline due to general market conditions or because of factors affecting an industry or market sector.

- *Small- and mid-cap stock risk:* Investing in small- and mid-cap funds entails greater risk than investing in funds focusing on larger companies. Stocks of smaller companies are usually more volatile than stocks of larger companies.
- *Investment Style:* Because a Target Date fund may invest in stock funds with both growth and value characteristics, its share price may be negatively affected if either investing approach were to fall out of favor. Growth stocks tend to be more volatile than value stocks and are more sensitive to changes in current or expected earnings. Value stocks carry the risk that investors will not recognize their intrinsic value for a long time or that they are actually appropriately priced at a low level.
- *Interest rate risk:* A rise in interest rates typically causes the price of a bond fund to fall. Generally, the longer the weighted-average maturity of an underlying fund, the greater its interest rate risk. If the price of a bond fund underlying the Target Date fund falls, it will in turn cause the price of the Target Date fund to fall.
- *Credit risk:* An issuer of a debt security or counterparty to an over-the-counter derivative held by an underlying bond fund could be downgraded or default, thereby negatively affecting the underlying fund's price or yield.
- *Liquidity risk:* An underlying fund may not be able to sell a holding in a timely manner at a desired price. This risk could affect both stock and bond funds in which the Target Date fund invests.
- *Foreign investing risk:* A Target Date fund's investments in international funds may be adversely affected by global economic conditions or developments, or by decreases in foreign currency values relative to the U.S. dollar. The risks are heightened for underlying funds that focus on emerging markets.

Material Risks of Investing in Money Market Mutual Funds: Rules governing Money Market Funds are intended to help the fund stabilize its price at \$1.00 per share. Generally, the rules impose guidelines as to the credit quality, liquidity, diversification, and maturity of the investments underlying the Money Market Funds. Even with these limitations, it is still possible for a Money Market Fund's price to drop below \$1.00 per share. This is called "Breaking the Buck."

Although Money Market Funds have Broken the Buck only a couple of times in history, it remains a possibility.

**Item 9. Disciplinary Information:**

Neither the Firm nor any of its "Supervised Persons" has been involved in any legal or disciplinary event that is material to a Client's or prospective Client's evaluation of the Firm's advisory business or management. "Supervised Persons" include partners, officers, directors, employees, and any other persons the Firm is required to supervise.

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

The Firm is affiliated with Bicycle Financial Insurance Services, LLC, or BFIS, which, like the Firm, is a wholly-owned subsidiary of Bicycle Financial. Some principals of the Firm are also principals of BFIS and of Bicycle Financial. This may create a conflict of interest for Clients. The details of, and disclosures regarding, such conflicts are discussed in detail in Item 5.E. above.

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

(A) **Code of Ethics:** The Firm has adopted a code of ethics (the "Code") that requires all personnel to act with integrity and competence, and in an ethical manner when dealing with Clients or prospective Clients. The Code sets forth a standard of business conduct that takes into account the Firm's status as a fiduciary and requires Supervised Persons to place the interests of Clients above their own interests. The Code requires Supervised Persons to comply with applicable federal securities laws, and to promptly bring violations of the Code to the attention of the Firm's Chief Compliance Officer. All Supervised Persons are provided with a copy of the Code and are required to certify compliance with it annually.

The Code also includes insider trading policies and procedures that are designed to prevent the improper use of material, non-public information. The Firm's insider trading policies apply to the Firm's "Access Persons." Access Persons include all Supervised Persons who, in relation to the Clients, (1) have access to non-public information regarding client transactions or holdings or (2) are involved in making securities recommendations to Clients or have access to such recommendations.

The Firm's Access Persons must provide the Firm's Chief Compliance Officer with initial and periodic reports of their personal accounts and holdings. The Firm restricts the personal trading of its Access Persons as reflected in the Code of Ethics.

The full text of the Firm's Code is available to Clients or potential Clients upon request.

- (B) **Participation or Interest in Client Transactions:** Neither the Firm, nor any of its Supervised Persons, recommends to Clients, or buys or sells for Client accounts, securities in which the Firm or its Supervised Persons have a direct material financial interest. One exception is that some Supervised Persons may own shares of the same funds that are recommended to Clients. However, as discussed in Paragraph (C) below, the Firm does not believe this exception poses any conflicts to Clients.
- (C) **Personal Trading:** The Firm does not buy securities for its own account and does not act as an adviser to funds, thus no conflict exists at the Firm level.

Supervised Persons may have investments in open-end mutual funds that are recommended to Clients. Certain Supervised Persons may be Clients of the Firm and to the extent they are, they may receive similar recommendations as similarly-situated Clients. However, the Firm's recommendations are limited to open-end mutual funds that are advised by third parties, thus mitigating any opportunity for improper trading practices or conflicts of interest.

**Item 12. Brokerage Practices:**

In response to recommendations made by the Firm, the Firm's Clients have the option of opening brokerage accounts at Shareholders Service Group ("SSG"), a broker-dealer that the Firm uses for account custody purposes. The Firm uses SSG's services because of its unique ability to serve the Firm and its Clients' needs, and its administrative support. SSG is not an affiliate of the Firm. The Firm does not participate in any form of transaction-based commissions or undisclosed compensation arrangements with SSG or any other broker-dealer firm.

- (A) **Soft Dollars:** The Firm does not have any written agreements to receive soft dollars, nor does it currently participate in any soft dollar arrangements.
- (B) **Brokerage for Client Referrals:** Neither the Firm nor its Supervised Persons receives client referrals from broker-dealers or other third parties to which the Firm refers its Clients.
- (C) **Directed Brokerage:** The Firm recommends only mutual funds which trade at a specified price calculated at the close of each trading day. Accordingly, neither directed brokerage nor aggregated orders applies to the Firm's Clients.

**Item 13. Review of Accounts:**

- (A) **Periodic Review of Client Accounts:** The Firm does not review Client accounts or financial plans. Instead, the Firm's services enable Clients to view and review their account data and utilize the Firm's non-discretionary investment advisory services, the Wizard, on a periodic basis as determined by the Client. The Firm makes recommendations to Clients based on information provided by the Client when the Client elects to input the information and receive a recommendation.
- (B) **Reports Given to Clients:** The Firm does not currently provide periodic reports directly to Clients. Rather, the custodian of the Client's account furnishes reports directly to the Client.

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

Except as discussed in Item 5.A., Fees and Compensation, the Firm does not directly or indirectly compensate, or receive compensation from, any person who is not a Supervised Person for client referrals.

**Item 15. Custody:**

The Firm does not accept custody of funds or securities as part of providing advisory services to Clients. Clients will receive periodic account statements directly from the qualified custodian.

**Item 16. Investment Discretion:**

The Firm does not have discretionary authority over any Client accounts.

**Item 17. Voting Client Securities – Proxy Policy:**

The Firm does not have the authority to vote Client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent, as applicable.

**Item 18. Financial Information:**

The Firm has neither custody of, nor discretion to invest, Client funds or securities. The Firm neither requires nor solicits prepayment of more than \$1,200 in fees per client. The Firm has not been the subject of a bankruptcy petition.

**Item 19. Requirements for State-Registered Advisers: N/A**