

The financial advisors of Bickling Financial Services, Inc. are registered representatives with securities offered through LPL Financial, member FINRA/SIPC.

**Item 1 Cover Page**

Registered As

# Bickling Financial Services, Inc.

DBA: Bickling Financial Services, Inc.

Investment Adviser

35 Bedford Street – Suite 15 | Lexington, MA 02420

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[www.bickling.com](http://www.bickling.com)

**March 17, 2015**

**NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY**

All the material within this Brochure must be reviewed by those who are considering becoming a client of our firm. This Brochure provides information about the qualifications and business practices of Bickling Financial Services, Inc. If you have any questions about the contents of this Brochure, please contact us at (781) 862-9792 or at [www.bickling.com](http://www.bickling.com). In accordance with federal and state regulations, this Brochure is on file with the appropriate securities regulatory authorities as required. The information provided within this Brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States, or by the United States Securities and Exchange Commission. 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. Bickling Financial Services, Inc. is an SEC registered investment adviser. Registration of a registered investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about Bickling Financial Services, Inc. also is available on the SEC's Web Site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

In the future, this Item number will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

- As of January 2015, Bickling Financial Services, Inc. offers asset management services through Bickling Financial Services, Inc. as a registered investment adviser.

Currently, our Disclosure Brochure may be requested by contacting us at (781) 862-9792. We welcome visitors to our web site, [www.bickling.com](http://www.bickling.com) for a comprehensive overview of our firm and the professional services we offer.

Additional information about Bickling Financial Services, Inc. is also available via the SEC's Web Site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's Web Site also provides information about any persons affiliated with Bickling Financial Services, Inc. who are registered, or are required to be registered, as investment adviser representatives of Bickling Financial Services, Inc.

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#### **Item 4 – Advisory Business**

Bickling Financial Services was founded in 1984 to fulfill the vision of its principal, Dorothy Bickling, namely to partner with businesses and individuals to steer the steady growth of their invested retirement wealth through often unsettling market conditions. The firm is a family business committed to supporting clients for the duration of each relationship. In 2014, the firm was registered as an independent investment advisor.

The firm is compensated based on a percentage of assets under management. Hourly charges and/or fixed fees are charged for financial planning. The individuals associated with Bickling Financial Services, Inc., are appropriately licensed, and authorized to provide advisory services on behalf of Bickling Financial Services, Inc.

Investment Advisor representatives are restricted to providing advisory services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are determined by the representative who is working with the client and the particular complexities. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client. Individuals associated with Bickling Financial Services, Inc. are also registered representatives of LPL Financial, an SEC registered broker/dealer, a member of the Financial Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Any securities transactions shall be directed to LPL Financial for execution. Bickling Financial Services, Inc. and LPL Financial are not affiliated legal entities.

#### **Financial Planning Services**

As part of our financial planning services, Bickling Financial Services, Inc. through its investment advisor representatives (IARs), may provide personal financial planning tailored to the individual needs of the client. These services may include, as selected by the client on the financial planning agreement, information and recommendations regarding tax planning, investment planning, retirement planning, estate needs, business needs, education planning, life and disability insurance needs, long-term care needs and cash flow/budget planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, insurance policies, tax returns, estate planning and other legal documents, investment statements, among other data.

The financial planning process may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the client to purchase given his/her financial situation and objectives. The client is under no obligation to act upon the investment adviser's recommendation or purchase such securities through Bickling Financial Services, Inc., and the IAR. However, if the client desires to purchase securities or advisory services in order to implement his/her financial plan, Bickling Financial Services, Inc., may make a variety of products and services available through its IARs. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to Bickling Financial Services, Inc. and the IAR.

A conflict exists between the interests of the investment adviser and the interests of the client. Depending on the type of account that could be used to implement a financial plan, such compensation may include (but is not limited to) advisory fees, commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with an insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by Bickling Financial Services, Inc., to the IAR.

To the extent that IAR recommends that a client invest in products and services that will result in compensation being paid to Bickling Financial Services, Inc. and the IAR, this presents a conflict of interest. This compensation to IAR and Bickling Financial Services, Inc. may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or service over another product or service. Investment Adviser Representatives of Bickling Financial Services are obligated to act in a client's best interests at all times.

The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives.

Financial planning is made available to all clients as a comprehensive service that may or may not result in a written plan. The amount of time required per plan can vary greatly depending on the scope and complexity of an individual engagement. A particular client's financial plan will include the relevant types of planning specific to their needs and objectives such as:

- **Retirement Planning for Individuals** – planning for individual retirement needs as well as considering funding vehicles and time lines.
- **Wealth Accumulation** – planning to build wealth within a portfolio that takes into consideration risk tolerance and time horizon.
- **Investment Planning** – planning an investment strategy consistent with a particular objectives, time horizons and risk tolerances.
- **Cash Flow/ Budget Planning** – planning to manage expenses against current and projected income.
- **Estate Planning** – planning that focuses on the most efficient and tax friendly option to pass on an estate to a spouse, other family members or a charity.

- **Insurance Needs** – planning for the financial needs of survivors to satisfy such financial obligations as housing, dependent child care and spousal arrangements as well as education.
- **Final Expenses** – planning to leave assets to cover final expenses such as funeral, debts and potential business continuity.
- **Tax Planning** – planning a tax efficient investment portfolio to maximize deductions and off-setting losses.
- **Major Purchase** – Evaluation of the pros and cons of home ownership verses renting as well as buying or leasing a car, for example.
- **College / Education** – planning to pay the future college / education expenses of a child or grandchild. Associated persons of the Adviser routinely conduct financial planning and education seminars through adult education programs, businesses and professional organizations.
- **Business Succession** – planning for the continuation of a business in a smooth a transition as possible with the use of buy-sell agreements, key-man insurance and engaging independent legal counsel as needed.
- **Divorce** – planning for the financial impact of divorce such as change in income, retirement benefits and tax considerations.

## Asset Management

Bickling Financial Services, Inc. offers asset management on a discretionary and non-discretionary basis. As of March 17, 2015, the firm has \$102,700,082 assets under management.

### Strategic Wealth Management (SWM)

Bickling Financial Services, Inc. through its investment advisor representatives provides ongoing investment advice and management for assets in the client's custodial Strategic Wealth Management account held at LPL Financial. SWM is the name of the custodial account offered through LPL to support investment advisory services provided by Bickling Financial Services, Inc. to our clients. More specific account information and acknowledgements are further detailed in the account agreement.

Investment advisor representatives provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, real estate investment trusts ("REITs"), equities, and fixed income securities. The advice is tailored to the individual needs of the client based on the investment objective chosen by the client in order to help assist clients in attempting to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client's

investment profile. A minimum account value of \$25,000 is generally required for the program. In certain instances, Bickling Financial Services, Inc. may permit a lower minimum account size.

### **Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$15,000 is required for OMP.

### **Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP.

### **Model Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. Bickling Financial Services, Inc., investment advisor representatives will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected. The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts. In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

A minimum account value of \$25,000 is required for MWP.

### **Manager Access Select Program**

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be higher.

#### **Account Fees**

The account fee charged to the client for each advisory program is negotiable, subject to the following maximum account fees:

<b><u>Advisory Program</u></b>	<b><u>Annual Percentage of Assets Charge</u></b>
Manager Access Select	2.0%
SWM	2.0%
OMP	2.0%
PWP	2.0%
MWP	2.0%

Account fees are payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. Bickling Financial Services, Inc. and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Advisor may also be registered representatives of LPL.

The purchase of a securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from investment advisor representative of the firm. Clients may purchase investment products recommended by investment advisory representatives through other, non-affiliated broker/dealers or insurance agents. Transactions in advisory program accounts are generally effected through LPL as the executing broker-dealer.

Investment advisor representatives may also be licensed insurance agents. In the capacity of an insurance agent, they may recommend the purchase of certain insurance-related products on a commission basis.

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.



Neither the firm nor any investment advisor representative are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

### **Retirement Plan Evaluation for Corporations**

The Adviser provides review and analysis of 401(k) retirement plans on a contract basis. Reviews include the following: Fiduciary liability analysis, 404(c) and other liability mitigation measures, Education review, Plan design, Investment fee analysis, Investment performance analysis.

Following the analysis, the Adviser may recommend that clients request proposals from alternative vendors. This service represents a potential conflict of interest since changing providers may result in commissions or finder's fees being paid to the Adviser.

### **Hourly Consulting Services**

Bickling Financial Services through its investment advisor representatives may provide consulting services on an hourly basis. These services may include, as selected by the client in the consulting agreement, advice regarding tax planning, investment planning, retirement planning, estate planning, cash flow/budget planning, business planning, education planning, and personal financial planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. The investment advisor representatives may or may not deliver to the client a written analysis or report as part of the services. The investment advisor representatives tailor the hourly consulting services to the individual needs of the client based on the investment objective chosen by the client. The engagement terminates upon final consultation with the client. The hourly fee for these services is negotiable up to \$400 / hour

### **Advisory Team**

#### **Dorothy I. Bickling, Ed.D., CFP®**

Dorothy Bickling, a financial counselor, is the principal of Bickling Financial Services, Inc. in Lexington, Massachusetts. The firm is known for the planning and investment management services provided to individuals and business firms in the greater Boston area. Her background includes a unique combination of skills and experiences: portfolio selection and management; auditing; income tax and financial statement preparation; supervision; training; evaluation; business management; personal and financial counseling; research and consulting.

Dorothy has a background in psychology (she was a licensed psychologist) and accounting. She assists clients in comprehensive financial planning, noting all aspects of their financial affairs. Dorothy has been selected for inclusion in Who's Who in the Northeast and honored for her contribution to the North American Society of Adlerian Psychology. She attended the University of Colorado as a Boettcher Scholar and received a Bachelor of Science in Accounting and

Finance. She received a Master of Arts degree in Business Education. Her doctoral degree in Counselor Education is from Auburn University.

**Spencer Betts, AIF®, CFP®**

Spencer Betts, a financial counselor, at Bickling Financial Services Inc. and serves as the Chief Compliance Officer. Spencer works with clients on all aspect of their financial world including: cash flow management; portfolio selection and management; reviewing personal income taxes and personal financial statements; risk management; college funding; and reviewing estate planning. Spencer has a Bachelors degree in Physics from Old Dominion University in Virginia. He has prepared tax returns for individuals for several years. Before affiliating with Bickling Financial Services, Spencer used his skills doing computer simulations and providing project leadership in a technical environment.

**Andrew Betts, MBA, AIF®, CFP®**

As an independent financial planner and experienced entrepreneur, Andy works with businesses to balance investment fees with long-term performance. He also assists plan participants in understanding the process of constructing portfolios using disciplined asset allocation tailored to their unique needs. He teaches various financial classes at local colleges, employee assistance programs and senior centers. Andy earned his B.S. in Chemical Engineering from Carnegie Mellon University and his MBA from Babson College.

**Item 5 – Fees and Compensation**

The specific manner in which fees are charged by the firm is established in a written agreement between the client and Bickling Financial Services, Inc. The firm's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the firm's management to be charged quarterly in advance, and Bickling Financial Services, Inc. representatives may at their discretion negotiate a fee with a maximum of 2.0%.

In the event that a client desires, a client can engage certain of the firm's representatives, in their individual capacities as registered representatives of LPL Financial, an SEC registered and FINRA/SIPC member broker-dealer, to implement investment recommendations on a commission basis. In the event a client chooses to purchase investment products through LPL Financial, LPL Financial will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL Financial shall pay to the firm's representatives, as applicable. The brokerage commissions charged by LPL Financial may be higher or lower than those charged by other broker/dealers.

In addition, LPL Financial, as well as the firm's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

The recommendation that a client purchase a commission product from LPL Financial presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend

investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from LPL Financial. The firm's Chief Compliance Officer, Spencer Betts, is available to address any questions that a client or prospective client may have regarding this conflict of interest.

Please note, clients may purchase investment products recommended by our firm through other, non-affiliated broker dealers or agents.

The firm generally does not receive more than 25% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the firm recommends to its clients. When the firm's representatives sell an investment product on a commission basis, the firm does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Bickling Financial Services, Inc. representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage the firm to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from the firm's representatives on a commission basis.

Fees for customized and participant advisory services are typically based on the value of assets under management and will vary by engagement. The amount of the fee will be set out in the client agreement executed by the client at the time the relationship is established. The advisory fee is negotiable between the investment advisor representative and the client, and is payable either in advance or in arrears as described in the client agreement. The advisory fee will be paid to LPL and LPL shares between 85% and 100% of the advisory fee with the IAR based on the agreement between LPL and the IAR. A custom program account may be terminated according to the client agreement. If the client agreement provides for payment in advance, the agreement will state how the client can obtain a refund of any pre-paid fee if the agreement is terminated before the end of the billing period.

In certain cases, LPL may serve as the broker/dealer on transactions in a customized advisory account. In such case, LPL may charge the client transaction charges in connection with trade execution through LPL. The transaction charges will be clearly stated in the client agreement executed by the client at the time the relationship is established. If the custom advisory services apply to variable annuities for which the investment advisor representative receives trail compensation, such trail fees generally will be used to offset the advisory fee. In most cases, however, a third party broker dealer will provide trade execution. In such case, the broker/dealer may charge clients commissions, markups, markdowns and/or transaction charges.

For financial planning, the Adviser charges clients a fixed fee of from \$600-\$4,000 for the first year depending on the complexity of a client's financial situation. In subsequent years, fees for plan review and rebalancing of investments are typically 60% of the first year's fees. One half of the fixed fee is due and payable immediately after engaging the services of the Adviser with the remainder due and payable upon delivery of the financial plan or completion of the service. The majority of financial plans are completed within three to six months of entering into an advisory agreement.

Non-recurring planning and consulting fees are a minimum of \$200 per hour and are due and payable following the completion of the agreed upon financial planning or consulting services.

In other instances financial planning may be provided based on a fixed fee for services. While individual complexities will determine the fixed fee charged, the minimum fixed fee is generally not less than \$500 and will be based on the number of hours estimated to complete the plan but not billed based on actual hours.

The criteria laid out in section 4 of this document will be considered when determining the number of hours expected to create a client specific financial plan.

If clients elect to implement recommendations made in a financial plan, their accounts may incur transaction costs, retirement plan administration fees, and other mutual fund annual expenses that are charged by broker-dealers, plan administrators or mutual fund companies that sell securities or provide additional services to Adviser clients. These fees are in addition to and separate from planning and consulting fees.

The Adviser considers fees for financial planning or a consulting project to be earned as progress is realized toward creation of the plan or completion of the service. Under no circumstances will the Adviser earn fees in excess of \$500 more than six months in advance of services rendered.

A planning or consulting client will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the agreement by providing thirty (30) days written notice to the other.

For Corporate clients, fees for Retirement Plan evaluations are generally based on a fixed range from \$2,000 to \$10,000 or more depending on the size and complexity of the 401(k) plan to be reviewed. One half of the fixed fee is due and payable immediately after engaging the services of the Adviser with the remainder due and payable upon completion of the analysis.

Upon termination, the Adviser will prorate fees to the date of termination and will refund any unearned portion of the fee to the client.

#### **Item 6 – Performance-Based Fees and Side-by-side Management**

Neither the firm or any supervised persons accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client such as a hedge fund or other pooled investment vehicle.

#### **Item 7 – Types of Clients**

The advisory services offered by Bickling Financial Services, Inc. are available for individuals, individual retirement accounts (“IRAs”), banks and thrift institutions, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 (“ERISA”), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

Bickling Financial Services, Inc. does not require a minimum asset amount for financial planning, hourly consulting, participant consulting or research services. For customized advisory services, any required minimum account value will be set out in the client agreement.

The firm generally provides investment advice to individuals and high net worth individuals as well as charitable organizations, business entities, trusts and estates. The firm is currently not working with other types of clients or pursuing them as prospects but would not turn away any opportunities that may arise.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments.

The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least annually and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The firm uses a combination of charting, fundamental and technical analysis in order to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short term trading strategy based on the particular objectives and risk tolerance of a particular client.

Fundamental analysis involves predicting the price movement of an asset based on measures that are related to the underlying business. This method is used to judge the performance of management. (Although it is important to note that things outside of management’s control can impact performance.) Comparing the margins of the company and its relative performance to that of two or three of its peers will give an idea of whether the performance is potentially outside of management’s control.

The Adviser gathers company information from:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports and other filings with the Securities and Exchange Commission – (Management ownership, management compensation, stock options, institutional ownership, etc.)
- Company press releases
- Onsite visits

### **Financial information**

The health of a company is reflected in its financial statements and other financial information. While potential red flags can be identified, statements are often backward looking and information can be manipulated; even using acceptable accounting practices. The Adviser typically reviews the following:

- Annual audited and unaudited financial statements as well as interim statements
- (monthly or quarterly) for the current year
- Auditors' annual reports
- Schedule of state and local jurisdictions in which the company currently files tax returns and pays taxes, including income, property, payroll and sales, use taxes and any settlements and liens
- Schedule of completed tax examinations/audits from the past 5 years and all tax examinations/audits in progress or scheduled to be performed
- Loan agreements, lines of credit, promissory notes, indentures and other debt instruments, including notes payable and guarantees (by or in favor of the company), and any other agreements collateralized or secured by the assets
- Any budget and financial projections
- Extraordinary income or expense details
- Explanation of any material write-downs or write-offs
- A summary of bad debt and outstanding contingent liabilities
- Capitalization, warrants, option agreements and covenants
- Product or service pricing plans and policies

Evaluating the liquidation value of a company may be as important as analyzing financial health.

Reviewing accurate valuation of real estate leases, deeds, mortgages, title policies, surveys, zoning approvals, variances or use permits, copyrights, patents and patent applications, trademark and trade names material consulting agreements, agreements regarding inventions, and licenses or assignments of intellectual property and other assets, will be vital.

### **Products and Services**

Evaluating a business may involve analyzing its current products or services, products or services under development and the factors that can impact them. These may include

regulatory approval or disapproval and related commentary, results of tests, evaluations, studies, surveys, and other data regarding existing products or services and those under development, largest customers, advertising programs, marketing plans and research reports, surveys, and marketing materials, and major competitors.

### **Litigation and Liabilities**

The Adviser will review pending or anticipated litigation, injunctions, consent decrees, settlements or judgments, labor disputes, grievance procedures, complaints or warranty claims, and regulatory proceedings which can have an adverse impact on the performance of a company both short and long term. In addition, any guaranty to which the company is a party creates potential liability.

### **Debt**

Fundamental analysis of debt may also involve analyzing the current yield, yield to maturity, yield to call, call and default risks, and interest coverage because of the characteristics of the investment and greater expectations of safety.

Debt is issued by federal, state and foreign governments and corporations to finance their operations. (Public corporations can also issue equity securities.) Debt represents a promise to repay the principal a firm receives and interest until repayment according to the terms and conditions of the debt instrument. Debt obligations offer limited participation in the upside of a business. In exchange holders receive interest and a position that is generally senior to equity in a bankruptcy.

### **Technical Analysis**

The Adviser uses technical analysis. Technical analysis involves predicting the price movement of an asset based on factors unrelated to the underlying business (price, volume, and open interest, among other factors, to detect and interpret patterns to predict the movement of individual securities, an industry or the broad market).

Charting is a subsector of technical analysis and also focuses on predicting price movements of assets based on patterns that are formed by the price movements.

Clients are advised that investing in securities involves the risk of loss of the entire principal amount invested including any gains. Clients should not invest unless they are able to bear these losses. Any of the above investment strategies may lead to a loss on investments, especially if the markets move against the Client.

In addition, investing carries with it the risk of missing out on more favorable returns that could be achieved by investing in alternate securities or commodities.

Please note, investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be

assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s).

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations such as:

- **Market Risk** - the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
  - **Small and Micro-cap equity securities** (shares in companies that have a market capitalization of less than \$500 million) – Small and micro-cap stocks are stocks in companies that tend to have smaller market capitalization. Share prices can be extremely volatile and are prone to great fluctuations. This is primarily because of their smaller capitalization which can allow stock prices to be more easily influenced by a small number of large trades. This potential volatility presents a material risk for investors who could quickly lose a large part of their investments during a brief market downturn.
  - **Municipal securities** – Municipal securities are backed by either the full faith and credit of the issuer or by revenue generated by the specific project (like a toll road or parking garage) for which the securities were issued. The latter type of securities could quickly lose value or even become virtually worthless if the expected project revenue does not meet expectations.
- **Interest Rate Risk** - the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** - the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

### Methods of Analysis and Investment Strategies

- **Alternative Strategy Mutual Funds.** Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, and leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.
- **Closed-End Funds.** Client should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide investor liquidity, the funds



may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.

- ***Exchange-Traded Funds (ETFs)***. ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread.” The spread varies over time based on the ETF’s trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company.
- ***Exchange-Traded Notes (ETNs)***. An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer’s ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer’s credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks
- ***Leveraged and Inverse ETFs, ETNs and Mutual Funds***. Leveraged ETFs, ETNs and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and are generally not appropriate as

an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.

- **Options.** Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.
- **Structured Products.** Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.
- **Hedge Funds and Managed Futures.** Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At

the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

- **Variable Annuities.** If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- **Margin Accounts.** Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm's management.

Any such disciplinary information for the company and the company's investment advisor representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>.

There are no legal or disciplinary events to disclose.

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

Investment advisor representatives may also be registered representatives of LPL Financial, an unaffiliated SEC registered Investment Adviser and FINRA/SIPC member broker/dealer. Clients may choose to engage a registered investment advisor in their capacity as a registered representative of the unaffiliated LPL Financial broker/dealer, to implement investment recommendations on a commission basis.

Representatives of our firm are also insurance agents/brokers. They offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

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

Bickling Financial Services, Inc. maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

The code of ethics includes guidelines regarding personal securities transactions of its employees and investment advisor representatives. The code of ethics permits employees and investment advisor representatives to invest for their own personal accounts in the same securities that an investment advisor representative may purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or investment advisor representatives in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. Bickling Financial Services, Inc. addresses this conflict of interest by requiring in its code of ethics that employees and IARs report certain personal securities transactions and holdings to the Chief Compliance Officer for review.

An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related persons may have an interest or position in a certain security which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account in order to benefit from transactions placed on behalf of advisory accounts.

A copy of the Code of Ethics is available upon request.

## **Item 12 – Brokerage Practices**

Bickling Financial Services, Inc. receives support services and/or products from LPL Financial, many of which assist Bickling Financial Services, Inc. to better monitor and service program accounts maintained at LPL Financial. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by Advisor in furtherance of its investment advisory business operations

These support services are provided to Bickling Financial Services, Inc. based on the overall relationship between Bickling Financial Services, Inc. and LPL Financial. It is not the result of soft dollar arrangements or any other express arrangements with LPL Financial that involves the execution of client transactions as a condition to the receipt of services. Bickling Financial Services, Inc. will continue to receive the services regardless of the volume of client transactions executed with LPL Financial. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by Bickling Financial Services, Inc. to LPL or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

Bickling Financial Services, Inc. has an arrangement with LPL. LPL offers to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits from LPL through our participation in the program.

LPL may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by LPL may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by LPL to our firm in the performance of our investment decision-making responsibilities.

Although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's

account. As a result of receiving the services Bickling Financial Services, Inc., may have an incentive to continue to use or expand the use of LPL services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with LPL and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

LPL charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). LPL enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by LPL may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to LPL that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of LPL. Each client will be required to establish their account(s) with LPL if not already done. Please note that not all advisers have this requirement.

We allow clients to direct brokerage outside our recommendation. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

### **Item 13 – Review of Accounts**

For those clients to whom Bickling Financial Services, Inc. provides investment supervisory services, account reviews are conducted on an ongoing basis by Bickling Financial Services, Inc. Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Bickling Financial Services, Inc. of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their investment advisor representative on no less than an annual basis. Bickling Financial Services, Inc. may conduct account reviews on an other than periodic basis

upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request. Written transaction confirmation notices are sent upon execution. Clients are provided, at least quarterly, written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Bickling Financial Services, Inc. may also provide a written periodic report summarizing account activity and performance.

Investment adviser representatives of the Adviser perform reviews of all investment advisory accounts no less than annually or as macroeconomic and company specific events warrant. Accounts are reviewed for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial status.

The Adviser conducts annual reviews of all client accounts. The Adviser may conduct additional reviews based on client requests, changes in market conditions, tax laws, or a client's financial or personal situation. All reviews are performed by Dorothy Bickling, Spencer Betts or Andrew Betts and there are no limits on the number of client accounts that each may review.

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

Bickling Financial Services, Inc. receives an economic benefit from LPL Financial in reimbursement for marketing related expenses. Please see detailed discussion of the categories of marketing related expenses and potential conflicts of interest in Item 12 Brokerage Practices.

Bickling Financial Services, Inc. and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representative, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse Bickling Financial Services, Inc. for the costs associated with, education or training events that may be attended by Bickling Financial Services, Inc., employees and IARs and for Bickling Financial Services, Inc. sponsored conferences and events.

Bickling Financial Services, Inc. does not directly or indirectly compensate any person who is not a Bickling Financial Services, Inc. advisory representative for client referrals.

#### **Item 15 – Custody**

Bickling Financial Services, Inc. does not have actual or constructive custody of client funds. LPL Financial will serve as the custodian of client assets on behalf of Bickling Financial Services, Inc. Bickling Financial Services, Inc. may also provide advisory services on assets held at different third party custodians. Bickling Financial Services, Inc. urges you to carefully review the statements provided by the custodian and compare such official custodial records to the account statements that may be provided by Bickling Financial Services, Inc.

### **Item 16 - Investment Discretion**

Bickling Financial Services, Inc. does not currently provide investment advisory services on a discretionary basis. In the event that Bickling Financial Services, Inc. would assume discretionary authority over a client's account at some later date, the client would be required to execute an *Advisory Agreement for Asset Management*, naming Bickling Financial Services, Inc., as the client's attorney and agent in fact, granting Bickling Financial Services, Inc., full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account. Clients who would engage Bickling Financial Services, Inc. on a discretionary basis if that service is eventually offered, may at any time, impose restrictions, **in writing**, on Bickling Financial Services, Inc., discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the use of margin, etc.).

### **Item 17 – Voting Client Securities**

Bickling Financial Services, Inc. does not vote client proxies but third party money managers selected or recommended by our firm may vote proxies for clients. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact Bickling Financial Services, Inc. at (781) 862-9792 to discuss any questions they may have with a particular solicitation.

### **Item 18 – Financial Information**

There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has Bickling Financial Services, Inc. been the subject of a bankruptcy petition.

Bickling Financial Services, Inc. does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

### **Item 19 – Requirements for State Registered Advisers**

The principal executive officer of Bickling Financial Service, Inc. is Dorothy I Bickling. She is not actively engaged in a business other than giving investment advice.

- She has not been involved in an arbitration or a material event that requires disclosure and she is not compensated for advisory services with performance based fees.
- She does not have a relationship or other arrangement with an issuer of securities
- Any financial industry activity and affiliation is disclosed in Item 10 above.