

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

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

**March 15, 2018**

**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. 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. is available on the SEC's Web Site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

The following is a summary of certain material changes made to this Brochure from January 1, 2017 until the annual update dated March 15, 2018.

- Updated value of assets under management (Item 4)
- Under Item 11, (Code of Ethics, Client Transactions, Personal Trading, and DOL Fiduciary Rule), our ADV 2A has been updated to include disclosure on the recently enacted U.S. Department of Labor (“DOL”) regarding the obligation of financial advisors to act as a fiduciary under certain circumstances. The disclosure is reprinted immediately below.

### **Impartial Conduct Standards and Fiduciary Status**

In 2016, the Department of Labor finalized rules (DOL Fiduciary Rule) imposing additional standards of care for providers of investment advice to owners of IRAs and other retirement accounts.

Bickling exercises discretionary investment authority over the accounts we manage for our clients. These accounts include IRAs and other retirement plan accounts. We also provide advice that may include recommendations to incorporate retirement plan assets under our management and/or to roll money from company retirement plans into IRAs. Under the DOL Fiduciary Rule, we are considered to be a fiduciary to these retirement accounts. Under the requirements of the DOL Fiduciary Rule, we are required to act in the best interests of our clients with respect to recommendations involving retirement accounts, including recommendations to roll over retirement funds to an IRA, taking into account other available alternatives. Alternatives may include the owner leaving retirement assets in the existing employer plan. A determination of a recommendation in this regard will include, but is not limited to, consideration of fees and expenses associated with an existing plan or an IRA rollover and consideration of the overall benefits received by the client under each of the alternatives.

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, Inc. (“Bickling”) was founded in 1984 to fulfill the vision of its principal and sole stockholder, 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 2015, the firm was registered as a federal investment advisor with the Securities and Exchange Commission (“SEC”).

For its asset management services, the firm is compensated based on a percentage of client 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 are authorized to provide advisory services on behalf of Bickling Financial Services, Inc.

Investment Advisor Representatives (“IARs”) are restricted to providing advisory services and charging fees consistent with the descriptions detailed in this document and the client account agreement. However, the exact service and fees charged to a particular client are determined by the IAR who is working with the client and the particular complexities. IARs 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 licensed brokerage representatives of LPL Financial, an SEC registered broker/dealer, a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”). Consequently, the IARs may offer services through Bickling on a fee basis and conduct securities business on a commission basis through LPL Financial. Any securities brokerage transactions for Bickling advisory clients shall be directed to LPL Financial for custody, clearing and execution, and no trades shall be executed through another broker-dealer. LPL Financial also performs certain administrative services, such as quarterly performance reporting for clients. Bickling Financial Services, Inc. and LPL Financial are not affiliated legal entities.

#### **Types of Advisory Services**

Bickling Financial Services, Inc. offers various types of advisory services and programs including asset management services, financial planning services, and hourly consulting services.

In order to hire Bickling to provide investment management services, a client will be required to enter into a written advisory agreement with Bickling setting forth the terms and conditions, including the amount of investment advisory fees, under which Bickling will manage the client’s assets. The client will also be required to enter into a separate brokerage account application with LPL Financial.

The following paragraphs describe our services and fees:

#### **Bickling Assets Management Services**

Program accounts permit clients to authorize Bickling to manage client accounts on either a discretionary or nondiscretionary basis. As of December 31, 2017, the firm had \$229,067,635 of client assets under management on a discretionary basis and \$17,037,707 of client assets on a nondiscretionary basis.

### **Strategic Wealth Management (SWM)**

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

In the SWM account, IARs provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), 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 a SWM account. In certain instances, Bickling Financial Services, Inc. may permit a lower minimum account size. The SWM account fee is negotiable, subject to a maximum account fee of 2% annually.

### **LPL Sponsored Advisory Programs**

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

Bickling Financial Services, Inc., through its IARs, also offers clients access to the OMP Program. OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds 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 \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

#### **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), mutual funds and ETFs 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, ETFs and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP. In certain instances, LPL will permit a lower minimum account size.

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

MWP offers clients a professionally managed mutual fund asset allocation program. Bickling Financial Services 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 or third-party portfolio strategists are responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

### **Manager Access Select Program (MAS)**

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Bickling 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 lower or higher.

### **Fees for LPL Sponsored Advisory Programs**

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>
OMP	2.0%
PWP	2.0%
MWP	2.0%
MAS	2.0%

Account fees are payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL Financial sponsored advisory programs. Bickling Financial Services, Inc. and LPL Financial share in the account fee and other fees associated with program accounts.

## Financial Planning Services

As part of its financial planning services, Bickling Financial Services, Inc. through its 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, recommendations for tax planning, investment planning, cash flow/budget planning, retirement planning, estate needs, business needs, education planning, life and disability insurance needs, and long-term care needs. 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, legal documents, investment statements, among other data. Fixed fees or hourly rates are charged for financial planning services.

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. Bickling and its IARs do not exercise any discretionary investment authority when offering financial planning services. The client is under no obligation to act upon the IAR's recommendation or purchase such securities through Bickling Financial Services, Inc., and the IAR. However, if the client desires to purchase securities, advisory services, or term life insurance 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 insurance and/or brokerage commissions, advisory fees or other types of compensation to Bickling Financial Services, Inc. and the IAR.

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 objective, time horizons and risk tolerances.
- Cash Flow/Budget Planning – planning to manage expenses & current/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 charities.
- Insurance Needs – planning for the financial needs of survivors to satisfy such financial obligations as housing, dependent child care, education, and spousal arrangements.
- 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 home ownership vs. renting; buying vs. leasing a car.
- 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 groups. Business Succession – planning for the continuation of a business in as 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.

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

Bickling Financial Services, through its IARs, may provide review and analysis of 401(k) retirement plans on a contract basis. This service includes the following: fiduciary liability analysis, 404(c) and other liability mitigation measures, education review, plan design, investment fee analysis, and investment performance analysis. On the basis of its services, the IAR may recommend that a client request proposals from alternative vendors. To the extent this service is offered, it will represent a potential conflict of interest since changing vendors might result in brokerage commissions or finder's fees being paid to Bickling.

### **Hourly Consulting Services**

Bickling Financial Services, through its IARs, 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 IAR may or may not deliver to the client a written analysis or report as part of the services. The IAR will 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 a maximum of \$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; and 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. She attended the University of Colorado as a Boettcher Scholar and received a B.S. in Accounting and Finance. She received a Master of Arts degree in Business Education from the University of Northern Colorado. Her doctoral degree in Counselor Education is from Auburn University. Dorothy holds Series 6, 7, 22, 24, 51, 63, and 65 securities licenses and is a Certified Financial Planner<sup>TM</sup> Practitioner.



**Spencer Betts, AIF®, CFP®**

Spencer Betts is 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 B.S. 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. Spencer holds Series 6, 7, 24 and 63 securities licenses and is a Certified Financial Planner<sup>TM</sup> Practitioner and Accredited Investment Fiduciary<sup>®</sup>.

**Andrew Betts, MBA, AIF®, CFP®**

Andrew Betts is a financial counselor at Bickling Financial Services, Inc. As an independent financial planner and experienced entrepreneur, Andy works with businesses to balance investment fees with long-term performance. He also assists his clients in understanding the process of establishing and achieving goals, of mitigating risk and 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. Andrew holds Series 7, 63 and 65 securities licenses and is a Certified Financial Planner<sup>TM</sup> Practitioner and Accredited Investment Fiduciary<sup>®</sup>.

**Item 5 – Fees and Compensation**

**Asset Management Services**

The specific manner in which advisory fees are charged by Bickling is established in a written agreement between the client and Bickling Financial Services, Inc. Bickling'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. The fee is charged quarterly in advance. IARs may negotiate a fee up to a maximum of 2.0%.

In the event that a client desires, a client may engage certain of Bickling's IARs, in their individual capacities as licensed brokerage representatives of LPL Financial, to implement investment recommendations on a commission basis. In the event a client chooses to purchase investment products through LPL Financial, such purchases shall occur in an LPL brokerage account. LPL Financial will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL Financial shall pay to the licensed brokerage representative, 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 Bickling's IARs, relative to brokerage 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 purchase of a securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to IARs 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 IARs of the firm. Clients may purchase investment products

recommended by IARs through other, non-affiliated broker/dealers or insurance agents. All securities transactions in the SWM account and LPL Financial sponsored advisory program accounts are exclusively effected through LPL Financial as the executing broker-dealer.

IARs may also be licensed insurance agents. In the capacity of an insurance agent, IARs may recommend the purchase of certain insurance-related products on a commission basis in brokerage accounts.

IARs receive compensation as a result of a client's participation in an LPL Financial sponsored advisory 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 IAR would receive if the client participated in other programs, whether through LPL Financial or another sponsor, or paid separately for investment advice, brokerage and other services.

Bickling generally receives less 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 IARs 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; rather those investment products are purchased in a LPL Financial brokerage account. When providing services on an advisory fee basis, Bickling Financial Services, Inc. IARs 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 through a LPL Financial brokerage account from the firm's IARs on a commission basis.

Fees for advisory asset management 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 IAR 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 Financial and LPL Financial will share between 85% and 100% of the advisory fee with the IAR based on the agreement between LPL Financial and the IAR. SWM and LPL Financial sponsored advisory program accounts may be terminated according to the client agreement. If the client agreement provides for payment in advance, the agreement will state how the client will obtain a refund of any pre-paid fee if the agreement is terminated before the end of the billing period.

In SWM accounts, LPL Financial serves as the broker/dealer on transactions in the client advisory accounts. In such case, LPL Financial may charge the client transaction charges in connection with trade execution through LPL Financial. The transaction charges will be clearly stated in the client agreement executed by the client at the time the relationship is established.

### **Financial Planning Services**

For financial planning, Bickling charges clients a fixed fee of from \$0 to \$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 50% of the first year's fees. A portion of the fixed fee is due and payable immediately after engaging the services of the IAR with the remainder due and payable upon delivery of the financial plan or completion of the service or as agreed by both parties. 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 maximum of \$400 per hour and are due and payable following the completion of the agreed upon financial planning or consulting services.

The criteria laid out in item 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 Bickling's clients. These fees are in addition to and separate from planning and consulting fees.

Bickling 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.

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. Either party, thereafter, may terminate the agreement by providing thirty (30) days written notice to the other. Upon termination, Bickling will prorate fees to the date of termination and refund any unearned portion of the fee to the client.

A conflict exists between the interests of Bickling and its IARs and the interests of its financial planning clients. Depending on the type of account that could be used to implement a financial plan, compensation may include (but is not limited to) advisory fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees and mutual fund 12b-1 fees; hedge fund, managed futures and retirement plan fees; marketing support payments from mutual fund, annuity and insurance sponsors; bonuses for brokerage services, awards or other things of value offered by Bickling Financial Services to its IARs.

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. IARs 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 additional compensation for an IAR 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.

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

Bickling Financial Services, Inc. does not receive performance-based fees (defined as fees based on a share of capital gains on or capital appreciation of the assets of a client). Bickling does not engage in side-by-side management.

### **Item 7 – Types of Clients**

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

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

As part of its asset management service, Bickling generally creates 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 his or her 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 IARs determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, Bickling will 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.

### **Methods of Analysis**

Bickling 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**

Fundamental analysis involves reviewing financial statements and management teams to gain an understanding of a company’s general financial health and to identify potential advantages a

company may have over competitors. Through this analysis, the firm evaluates companies that its clients currently invest in or companies that may be considered for investment. The risks of investing based on fundamental analysis is that information obtained may be incorrect and the analysis may not provide a basis for a security's value, and that if securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

### **Technical Analysis**

Technical analysis involves the analysis of past market data: specifically price and volume, and the use of patterns in performance charts. Bickling may use this technique to search for patterns that help predict favorable conditions for buying or selling a security. The risks of investing based on technical analysis include that current prices of securities may not reflect all information known about the security and day to day changes in market prices may follow random patterns, which are unpredictable with any reliable degree of accuracy, resulting in the analysis not accurately predicting future price movements.

### **Charting**

Charting analysis 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.

Bickling uses a variety of sources of data to conduct our analysis including:

- 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

### **Risk of Loss**

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.

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.

### Types of Investments and Risks

- **Alternative Strategy Mutual Funds.** Certain mutual funds 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 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 a client 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 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.
- **Margin Accounts.** Bickling does not offer margin borrowing services on newly-purchased securities. It will maintain margined positions that were purchased elsewhere and transferred into the firm. 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 a client's evaluation of an advisory firm or the integrity of a firm's management. Any such disciplinary information about Bickling Financial Services, Inc. and its IARs 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**

Bickling Financial Services, Inc. IARs are also licensed brokerage representatives of LPL Financial. Clients may choose to engage an IAR in his or her capacity as a licensed brokerage representative of the unaffiliated LPL Financial broker/dealer, to implement investment recommendations on a commission basis.

Certain IARs of Bickling are also insurance agents/brokers. They offer insurance products and receive customary commissions as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend insurance products based on the compensation the IAR may earn and may not necessarily be in the best interests of the client.

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

### **Item 11 – Code of Ethics, Client Transactions, Personal Trading and DOL Fiduciary Rule**

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 IARs, provisions relating to the confidentiality of client information, a prohibition on insider trading, full support of the Whistleblower Act, and restrictions on the acceptance of significant gifts.

The code of ethics permits employees and IARs to invest for their own personal accounts in the same securities that an IAR may purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or IARs 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. Bickling and its IARs have a fiduciary duty to its clients. Its fiduciary duty is considered the core underlying principle for its Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. Bickling requires all of its 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. The 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 the duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of Bickling's Code of Ethics. However, if a client or a potential client wishes to review the Code of Ethics in its entirety, a copy will be provided promptly upon request.

Bickling and its IARs may buy or sell for their personal accounts securities identical to or different from those recommended to the firm's 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 the firm that no person employed by it 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.

### **Impartial Conduct Standards and Fiduciary Status**

In 2016, the Department of Labor finalized rules (DOL Fiduciary Rule) imposing additional standards of care for providers of investment advice to owners of IRAs and other retirement accounts.

Bickling exercises discretionary investment authority over the accounts we manage for our clients. These accounts include IRAs and other retirement plan accounts. We also provide advice that may include recommendations to incorporate retirement plan assets under our management and/or to roll money from company retirement plans into IRAs. Under the DOL Fiduciary Rule, we are considered to be a fiduciary to these retirement accounts.

Under the requirements of the DOL Fiduciary Rule, we are required to act in the best interests of our clients with respect to recommendations involving retirement accounts, including recommendations to roll over retirement funds to an IRA, taking into account other available alternatives. Alternatives may include the owner leaving retirement assets in the existing employer plan. A determination of a recommendation in this regard will include, but is not limited to, consideration of fees and expenses associated with an existing plan or an IRA rollover and consideration of the overall benefits received by the client under each of the alternatives.

### **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 custodied 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 Bickling Financial Services, Inc. in furtherance of its investment advisory business operations

LPL Financial may make certain research and brokerage services available at no additional cost to Bickling. These services may be directly from independent research companies, as selected by Bickling (within specific parameters). Research products and services provided by LPL Financial 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 Financial 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 Bickling 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 Financial services. Bickling examined this potential conflict of interest when it chose to enter into the relationship with LPL Financial. In recommending LPL Financial to clients, Bickling considered LPL's financial strength, reputation, execution, pricing, research and service. It has determined that the relationship is in the best interest of its clients and satisfies its fiduciary obligations, including its duty to seek best execution.

LPL Financial 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 Financial enables Bickling to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL Financial commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by LPL Financial may be higher or lower than those charged by other custodians and broker-dealers. Clients receive a schedule of transaction fees when an account is established.

Bickling clients may pay a commission to LPL Financial that is higher than another qualified broker dealer might charge to effect the same transaction where it determines 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 Bickling will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Neither Bickling, nor any of its 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. Bickling routinely recommends that a client direct it to execute through a specified broker-dealer. Bickling recommends the use of LPL Financial. Each client will be required to establish his or her account(s) with LPL Financial if not already done. Please note that not all investment advisers have this requirement.

In limited circumstances, Bickling may allow clients to direct brokerage outside its recommendation. However, it 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, the client may pay higher brokerage commissions because Bickling may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

**Item 13 – Review of Accounts**

For those clients to whom Bickling Financial Services, Inc. provides asset management services, account reviews are conducted on an ongoing basis by Bickling Financial Services, Inc.'s principals and/or IARs. All 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 IAR on no less than an annual basis. Bickling Financial Services, Inc. may conduct account reviews on other than a 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.

Bickling and its IARs perform reviews of all investment advisory accounts no less than annually or as macroeconomic and company specific events warrant. Certain accounts may be reviewed on a monthly or quarterly basis. Accounts are reviewed for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in a client's personal, tax, or financial status or as requested by the account holder.

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. Please see detailed discussion of the economic benefits received from LPL Financial and potential conflicts of interest in Item 12 Brokerage Practices.

Bickling and its IARs, when recommending an advisory service to a client, receive certain types of compensation from LPL Financial. This compensation includes a portion of the advisory fee, and such portion received by IARs may be more than what IARs would receive at another investment advisory firm. This compensation includes other types of compensation, such as bonuses, awards, or other things of value offered by LPL Financial to Bickling and its IARs. In particular, LPL Financial pays IARs in different ways, for example:

- Payments based on production
- Equity awards from LPL Financial's parent company, LPL Financial Holdings, Inc., consisting of awards of either restricted stock units (a promise to deliver stock in the future) or stock options to purchase stock, in each case subject to satisfaction of vesting and other conditions
- Reimbursement or credits of fees that IARs pay to LPL Financial for items such as administrative services, or technology fees
- Free or reduced-cost marketing materials
- Attendance at LPL Financial conferences or events

Compensation paid by LPL Financial is based on the IAR's overall business production and/or on the amount of assets serviced in LPL Financial sponsored advisory programs. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL Financial sponsored programs, programs of other investment advisory firms or paid separately for investment advice, brokerage and other client services. Therefore, in such cases, the IAR has a financial incentive to recommend advisory services over other programs and services. However, an IAR may only recommend a program or service that he or she believes is suitable for the client. Bickling has processes in place to review IAR accounts for suitability over the course of the advisory relationship.

Bickling Financial Services, Inc. and IARs may receive additional compensation from product sponsors. However, such compensation does not correlate to the sales of any particular product. Compensation may include: gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with IAR, client workshops or events, marketing events or advertising initiatives. 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. 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. IAR for client referrals.

### **Item 15 – Custody**

Bickling Financial Services, Inc. does not have actual or constructive custody of client funds or securities. LPL Financial will serve as the custodian of client assets on behalf of Bickling Financial Services, Inc. Advisory fees will be deducted from client accounts and paid to Bickling by the custodian. Any fee deductions will be done pursuant to client's written authorization provided to custodian. Bickling Financial Services, Inc. urges clients to carefully review the statements provided by the custodian and compare such official custodial records to the periodic account performance summaries that may be provided by Bickling Financial Services, Inc. utilizing data and technology provided by the custodian.

As discussed previously, certain associated persons of Bickling Financial Services, Inc. are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about Bickling's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Bickling's Compliance Officer.

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

Bickling Financial Services, Inc. provides investment advisory services on a discretionary basis based on prior written authority from its clients. Clients who engage Bickling Financial Services, Inc. on a discretionary basis, may at any time, select an investment strategy or 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, options, etc.). The firm does not exercise discretionary authority when providing financial planning services.

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

Bickling Financial Services, Inc. does not vote client proxies. Certain third party money managers selected or recommended by Bickling may vote proxies for clients. In most cases clients will receive their proxies or other solicitations directly from the account custodian, LPL Financial. Clients may contact Bickling Financial Services, Inc. at (781) 862-9792 to discuss any questions they may have.

### **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 \$1,200 in advisory fees per client six months or more in advance.