JANUARY 2019

Advisor

BALTIMORE - WASHINGTON FINANCIAL ADVISORS

President's Address

PHOTO: Hilltop view of Marienburg Castle near village Puenderich, Mosel wine region in Germany

6 WAYS TO FIGHT FEAR OF VOLATILITY WITH FACTS

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You wouldn't be human if you didn't fear loss.

Nobel Prize-winning psychologist Daniel Kahneman demonstrated this with his loss-aversion theory, showing that people feel the pain of losing money more than they enjoy gains. As such, investors' natural instinct is to flee the market when it starts to plummet, just as greed prompts us to jump back in when stocks are skyrocketing. Both can have negative impacts.

But smart investing can overcome the power of emotion by focusing on relevant research, solid data and proven strategies. Here are six principles that can help fight the urge to make emotional decisions in times of market turmoil.

Robert Carpenter

1. MARKET DECLINES ARE PART OF INVESTING.

Stocks have risen steadily for nearly a decade. But history tells us that stock market declines are an inevitable part of investing. The good news is that corrections (defined as a 10% or more decline), bear markets (an extended 20% or more decline) and other challenging patches haven't lasted forever.

Market Downturns Happen Frequently and They Don't Last Forever
Dow Jones Industrial Average 1900-2017

	-5% or more	-10% or more	-15% or more	-20% or more
Average Frequency[1]	About 3 times a year	About once a year	About once every 2 years	About once every 3.75 years
Average Length[2]	46 days	115 days	216 days	338 days

[1] Assumes 50% recovery of lost value
[2] Measures market high to market low
The Dow Jones Industrial Average is an unmanaged, price-weighted average of 30 actively traded industrial and service-oriented blue chip stocks.

Source: Capital Group

The Dow Jones Industrial Average has typically dipped at least 10% about once a year, and 20% or more about every 3.75 years, according to data from 1900 to 2017. While past results are not predictive of future results, each downturn has been followed by a recovery and a new market high.

2. TIME IN THE MARKET MATTERS, NOT MARKET TIMING.

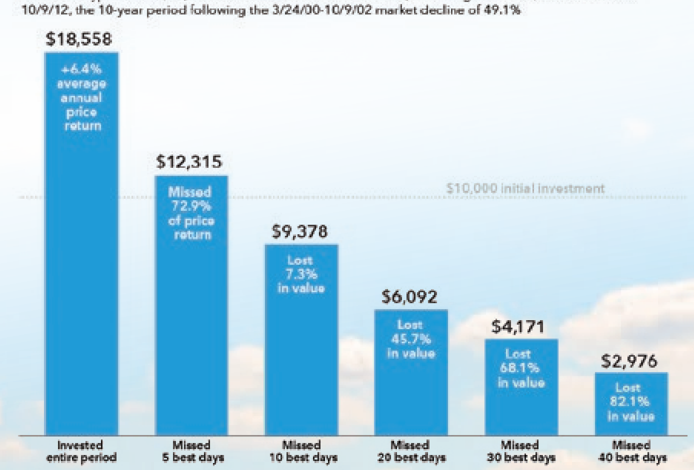
No one can accurately predict short-term market moves, and investors who sit on the sidelines risk losing out on periods of meaningful price appreciation that follow market downturns.

Every Standard & Poor's 500 Index decline of 15% or more, from 1929 through 2017, has been followed by a recovery. The average return in the first year after each of these market declines was nearly 55%.

Even missing out on just a few trading days can take a toll. A hypothetical investment of $10,000 in the S&P 500 made in 2002 – the start of the recovery following the bursting of the technology bubble – would have grown to more than $18,000 by the end of 2012. But if an investor missed the 10 best trading days during that period, he or she would have ended up with just $9,378 – less than the initial investment.

The Dangers of Market Timing
Missing just a few best days in the market can hurt your investment returns

Value of a hypothetical $10,000 initial investment in the S&P 500, excluding dividends, from 10/9/02 to 10/9/12, the 10-year period following the 3/24/00-10/9/02 market decline of 49.1%



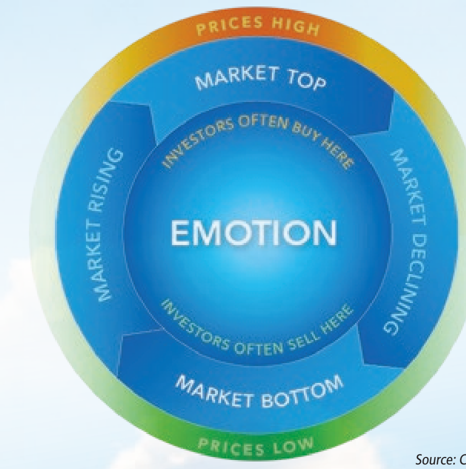
Results exclude dividends. The market index is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

Source: Capital Group

3. EMOTIONAL INVESTING CAN BE HAZARDOUS.

Daniel Kahneman won his Nobel Prize in 2002 for his work in behavioral economics, a field that investigates how individuals make financial decisions. A key finding of behavioral economists is that people often act irrationally when making such choices.

Emotional reactions to market events are perfectly normal. Investors should expect to feel nervous when markets decline. But it's the actions taken during such periods that can mean the difference between investment success and shortfall.



Source: Capital Group

One way to encourage rational investment decision-making is to understand the fundamentals of behavioral economics. Understanding behaviors like anchoring, confirmation bias and availability bias may help investors identify potential mistakes before they make them.

(CONTINUE READING ON PAGE 4)

4. MAKE A PLAN AND STICK TO IT.

Creating and adhering to a thoughtfully constructed Financial Plan is another way to avoid making short-sighted investment decisions — particularly when markets move lower. The plan should take into account a number of factors, including risk tolerance and short- and long-term goals.

One way to avoid futile attempts to time the market is with dollar cost averaging, where a fixed amount of money is invested at regular intervals, regardless of market ups and downs. This approach creates a strategy in which more shares are purchased at lower prices and fewer shares are purchased at higher prices. Over time investors pay less, on average, per share. Regular investing does not ensure a profit or protect against loss.

Investors should consider their willingness to keep investing when share prices are declining. We encourage our clients to meet with the BWFA team twice a year to review their financial plan and not to focus on stock market volatility.

When Stock Prices Fall, You Can Get More Shares for the Same Amount of Money and Lower Your Average Cost Per Share

Over the 12-month period, the total amount invested was $6,000, and the total number of shares purchased was 439.94. The average price at which the shares traded was $15, and the average cost of the shares was $13.64 ($6,000/439.94). The figures shown are for illustrative purposes only and in no way represent the actual results of a specific investment.

Source: Capital Group

Retirement plans, to which investors make automatic contributions with every paycheck are a prime example of dollar cost averaging.

5. DIVERSIFICATION MATTERS.

A diversified portfolio doesn't guarantee profits or provide assurances that investments won't decline in value, but it does lower risk. By spreading investments across a variety of asset classes, investors lower the probability of volatility in their portfolios. Overall returns won't reach the highest highs of any single investment – but they won't hit the lowest lows either.

For investors who want to avoid some of the stress of down markets, diversification can help lower volatility.

No Asset Class Has Consistently Offered the Best Returns Year In and Year Out

Calendar-year total returns of select asset classes (%)

Best performing assets

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
U.S. bonds 5.24	Emerging markets stocks 78.51	Global small-company stocks 26.28	U.S. bonds 7.84	Emerging markets stocks 18.22	U.S. large-company stocks 32.39	U.S. large-company stocks 13.69	U.S. large-company stocks 1.38	U.S. large-company stocks 11.96	Emerging markets stocks 37.28
Int'l bonds 4.79	Global small-company stocks 50.67	Emerging markets stocks 18.88	Int'l bonds 5.64	Global small-company stocks 18.05	Global small-company stocks 28.66	U.S. bonds 5.97	U.S. bonds 0.55	Global small-company stocks 11.59	Int'l stocks 27.19
Cash 1.60	Int'l stocks 41.45	U.S. large-company stocks 15.06	U.S. large-company stocks 2.11	Int'l stocks 16.83	Int'l stocks 15.29	Global small-company stocks 1.78	Cash 0.02	Emerging markets stocks 11.19	Global small-company stocks 23.81
U.S. large-company stocks -37.00	U.S. large-company stocks 26.46	Int'l stocks 11.15	Cash 0.04	U.S. large-company stocks 16.00	Cash 0.02	Int'l bonds 0.59	Global small-company stocks -1.04	Int'l stocks 4.50	U.S. large-company stocks 21.83
Global small-company stocks -43.68	Int'l bonds 6.93	U.S. bonds 6.54	Global small-company stocks -11.30	Int'l bonds 4.32	U.S. bonds -2.02	Cash 0.02	Int'l bonds -3.15	U.S. bonds 2.65	Int'l bonds 7.39
Int'l stocks -45.53	U.S. bonds 5.93	Int'l bonds 5.54	Int'l stocks -13.71	U.S. bonds 4.21	Int'l bonds -2.60	Emerging markets stocks -2.19	Int'l stocks -5.66	Int'l bonds 2.09	U.S. bonds 3.54
Emerging markets stocks -53.33	Cash 0.10	Cash 0.12	Emerging markets stocks -18.42	Cash 0.06	Emerging markets stocks -2.60	Int'l stocks -3.87	Emerging markets stocks -14.92	Cash 0.20	Cash 0.80

Worst performing assets

Source: Capital Group

Sources: U.S. large-company stocks – Standard & Poor's 500 Composite Index; Global small-company stocks – MSCI All Country World Small Cap Index (net dividends); International stocks – MSCI All Country World ex USA Index (net dividends); Emerging market stocks – MSCI Emerging Markets Index (net dividends); U.S. bonds – Bloomberg Barclays U.S. Aggregate Index; International bonds – Bloomberg Barclays Global Aggregate Index; Cash – 30-day U.S. Treasury bills, as calculated by Ibbotson Associates. Unlike fund shares, U.S. Treasury bills are guaranteed. Indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

6. THE MARKET TENDS TO REWARD LONG-TERM INVESTORS.

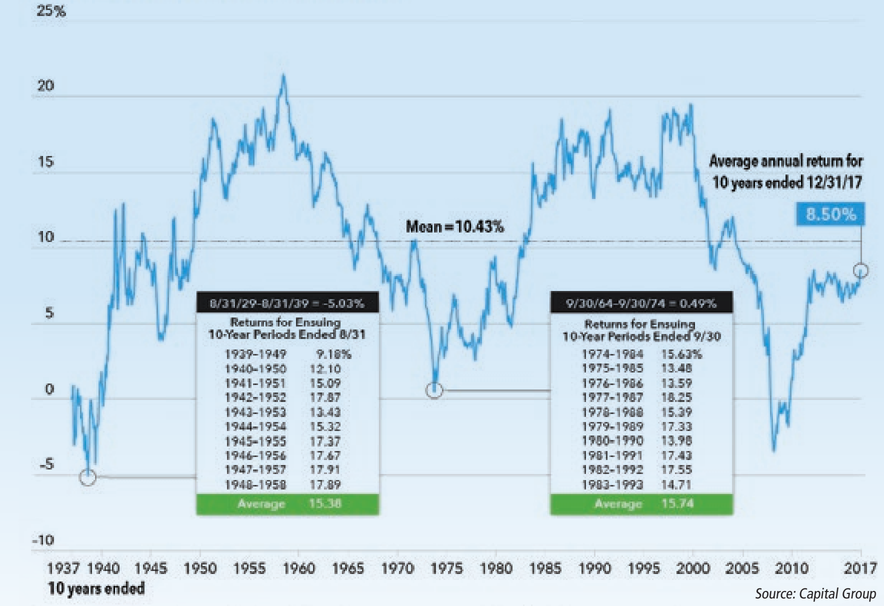
Is it reasonable to expect 30% returns every year? Of course not. And if stocks have moved lower in recent weeks, you shouldn't expect that to be the start of a long-term trend, either. Behavioral economics tells us recent events carry an outsized influence on our perceptions and decisions.

When stocks are falling, it's important to maintain a long-term perspective. Although stocks rise and fall in the short term, they've tended to reward investors over longer periods of time. Even including downturns, the S&P 500's mean return over all 10-year periods from 1937 to 2014 was 10.43%.

It's natural for emotions to bubble up during periods of market volatility. Those investors who can turn off the news are better positioned. At BWFA we encourage you to make an appointment to review your financial goals. We are here to help and assist with our entire team of professionals.

S&P 500 Rolling 10-Year Average Annual Total Returns

December 31, 1937 - December 31, 2017



Source: Capital Group

Results are calculated on a monthly basis. The index is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index. Past results are not predictive of results in future periods. The Standard & Poor's 500 Composite Index is a market capitalization-weighted index based on the results of 500 widely held common stocks. The S&P 500 Composite Index ("Index") is a product of S&P Dow Jones Indices LLC and/or its affi liates and has been licensed for use by Capital Group. Copyright © 2018 S&P Dow Jones Indices LLC, a division of S&P Global, and/or its affi liates. All rights reserved. Redistribution or reproduction in wholeor in part are prohibited without written permission of S&P Dow Jones Indices LLC.

PHOTO: Famous Kinderdijk canal with windmills, UNESCO world heritage site, Netherlands

PHOTO: Amazing view over the river Rhine from the top of the hill in Rudesheim, Germany

Do you know someone

WHO COULD USE GUIDANCE WITH THEIR INVESTMENTS?

MAYBE YOU KNOW SOMEONE WHO IS RETIRED OR NEARING RETIREMENT AND COULD BENEFIT FROM OUR SERVICES?

WE ASK YOU, OUR EXISTING CLIENTS, TO RECOMMEND OUR SERVICES TO FRIENDS OR FAMILY MEMBERS THAT COULD BENEFIT FROM OUR SUPPORT.

BY HELPING US GROW OUR "FAMILY OF CLIENTS," WE GET TO SHARE OUR PASSION WITH MORE PEOPLE JUST LIKE YOU.

PLEASE CONTACT MEGHAN AT MMANAS@BWFA.COM

COVER PHOTO: Traditional old buildings and tulips in Amsterdam, Netherlands

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Baltimore-Washington Financial Advisors Invite You to Come Cruise with Us!
BWFA is partnering with the Pollin Group and Viking Cruises to make this a wonderful experience for you, your family and friends. We hope you will consider sailing with the extended BWFA family and creating your own lasting memories!

Sincerely,

Robert Carpenter

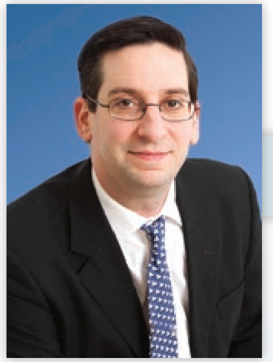
Robert Carpenter
President and CEO

BWFA has been able to secure competitive round-trip airfare; please inquire when registering. Pricing and availability subject to change.

FOR ITINERARY, PRICING AND RESERVATIONS PLEASE CONTACT:
MARY DAVIS • Sr. Director, Client Services • 443.878.4393 • mdavis@pollingroup.com

POLLINGROUP

Financial Planning



UMBRELLA LIABILITY INSURANCE

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When your local weather forecaster tells you that it's going to rain, what do you do? That's easy--you reach for your umbrella. So why not purchase an umbrella that can protect you in stormy financial weather? Umbrella liability insurance (ULI) can do just that. By providing liability protection above and beyond the basic coverage that homeowners/renters and auto insurance policies offer, ULI can protect you against the catastrophic losses that can occur if you are sued.

Although ULI can be purchased as a separate policy, your insurer will require that you have basic liability coverage (i.e., homeowners/renters insurance, auto insurance, or both) before you can purchase an umbrella liability policy. ULI is often referred to as excess coverage. If you are found to be legally responsible for injuring someone or damaging someone's property, the umbrella policy will either pay for the part of the claim in excess of the limits of your basic liability policy, or pay for certain losses that are not covered.

WHY NOW? IT'S NOT EVEN RAINING

These days, it's not unusual to hear of $2 million, $10 million, and even $20 million court judgments against individuals. If someone is injured in your home, or if you cause a serious auto accident, you could have to pay such a judgment.

If you don't have an umbrella liability policy at the time of the accident, anything above the limits of your homeowners/renters or auto insurance policy will have to come out of your pocket.

Here's an example of how ULI works to protect you. Say you have an auto insurance policy with a liability limit of $100,000 per accident. You also have a $1 million umbrella liability policy. You're later found responsible for a serious automobile accident, and the court finds you liable for $700,000 in damages. In this case, your auto insurance would pay the first $100,000 of the judgment, which would satisfy the deductible under your umbrella policy. Your umbrella policy would then cover the portion of the judgment not covered by your auto insurance ($600,000).

You should also be aware that certain types of liability claims (e.g., libel and slander) are not covered under basic homeowners, auto, or other types of insurance policies. An endorsement can be added to these policies to provide some protection against these types of personal injury claims. Or, you can purchase ULI, which does cover these claims.

WHAT'S COVERED?

A typical umbrella liability policy provides the following protection, up to the coverage limits specified in the policy:

- Protection for claims of bodily injuries or property damage caused by you, members of your household, or hazards on your property, for which you are found legally liable
- Personal liability coverage for incidents that occur on or off your property
- Additional protection above your basic auto policy for auto-related liabilities
- Protection against non-business-related personal injury claims, such as slander, libel, wrongful eviction, and false arrest
- Legal defense costs for a covered loss, including lawyers' fees and associated court costs

WHAT'S NOT COVERED?

Umbrella liability insurance typically provides extremely broad coverage. Furthermore, if something is not expressly excluded from coverage, it is covered.

Exclusions vary from one insurer to another and from one policy to another, but the following are some items typically excluded from coverage:

- Intentional damage caused by you or a member of your family or household
- Damages arising out of business or professional pursuits
- Liability that you accept under the terms of a contract or agreement
- Liability related to the ownership, maintenance, and use of aircraft, nontraditional watercraft (e.g., jet skis, air boats), and most recreational vehicles
- Damage to property owned, used, or maintained by you (the insured)
- Damage covered under a workers' compensation policy
- Liability arising as a result of war or insurrection

HOW BIG OF AN UMBRELLA ARE WE TALKING ABOUT?

Determining how much liability coverage you need is not an exact science. You might think that you need only enough liability insurance to protect your assets, but a large judgment against you could easily wipe out your assets and put your future earnings in jeopardy. That's why you should also consider factors such as how often you have guests in your home, whether you operate a home-based business, how much you drive, whether you have teenage drivers in your home, and whether your lifestyle gives the impression that you have "deep pockets."

Coverage limits vary, but a typical policy will provide liability coverage worth $1 million to $10 million. Of course, as your coverage limit increases, the premium will also increase. You need to decide both how much insurance you need and how much insurance you can afford. You'll want to have enough protection, but not too much.

WHERE CAN I BUY AN UMBRELLA LIABILITY POLICY?

Almost any insurer who writes auto and home insurance policies will also sell umbrella liability policies. In fact, you may be eligible for a multipolicy discount if you purchase an umbrella policy from your current insurer. Of course, it's important to shop around and make sure that you're getting the right coverage for your needs and the most coverage for your money.

PHOTO: 700-year-old Marksburg Castle above the town of Braubach in Rhineland-Palatinate, Germany, one of the main landmarks of the Rhine Gorge UNESCO World Heritage Site

Investment Management

LUMP SUM VS. DOLLAR COST AVERAGING: WHICH IS BETTER?

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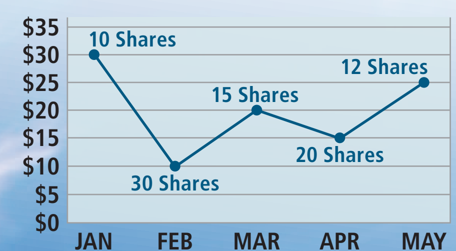
Some people go swimming by diving into the pool; others prefer to edge into the water gradually, especially if the water's cold. A decision about putting money into an investment can be somewhat similar. Is it best to invest your money all at once, putting a lump sum into something you believe will do well? Or should you invest smaller amounts regularly over time to try to minimize the risk that you might invest at precisely the wrong moment?

Periodic investing and lump-sum investing both have their advocates. Understanding the merits and drawbacks of each can help you make a more informed decision.

WHAT IS DOLLAR COST AVERAGING?

Periodic investing is the process of making regular investments on an ongoing basis (for example, buying 100 shares of stock each month for a year). Dollar cost averaging is one of the most common forms of periodic investing. It involves continuous investment of the same dollar amount into a security at predetermined intervals — usually monthly, quarterly, or annually — regardless of the investment's fluctuating price levels.



Because you're investing the same amount of money each time when you dollar cost average, you're automatically buying more shares of a security when its share price is low, and fewer shares when its price is high. Over time, this strategy can provide an average cost per share that's lower than the average market price (though it can't guarantee a profit or protect against a loss in a declining market).

The accompanying graph illustrates how share price fluctuations can yield a lower average cost per share through dollar cost averaging. In this hypothetical example, ABC Company's stock price is $30 a share in January, $10 a share in February, $20 a share in March, $15 a share in April, and $25 a share in May. If you invest $300 a month for 5 months, the number of shares you would buy each month would range from 10 shares when the price is at a peak of $30 to 30 shares when the price is only $10. The average market price is $20 a share ($30+$10+$20+$15+$25 = $100 divided by 5 = $20). However, because your $300 bought more shares at the lower share prices, the average purchase price is $17.24 ($300 x 5 months = $1,500 invested divided by 87 shares purchased = $17.24).

THE MERITS OF DOLLAR COST AVERAGING

In addition to potentially lowering the average cost per share, investing a pre-determined amount regularly automates your decision-making, and can help take emotion out of your investment decisions.

And if your goal is to buy low and sell high, as it should be, dollar cost averaging brings some discipline to that process. Though it can't help you know when to sell, this strategy can help you pursue the "buy low" portion of the equation.

Also, many people don't have a lump sum to invest all at once; any investments come out of their income stream — for example, as contributions to their work-place retirement savings account. In such cases, dollar cost averaging may not only be an easy strategy; it may be the most realistic option.

THE CASE FOR INVESTING A LUMP SUM

Maybe you just received a pension payout. Perhaps you've inherited a large amount of money, or the mail-order sweepstakes' prize patrol has finally shown up at your door. You might be thinking about the best way to shift your asset allocation or how to invest the proceeds of a certificate of deposit. Or maybe you've been parking some money in cash alternatives and now want to invest it.

In cases like these, you may want to at least investigate the merits of lump-sum investing. Several academic studies have compared dollar cost averaging to lump-sum investing and concluded that, because markets have risen over the long term in the past, investing in the market today tends to be better than waiting until tomorrow, since you have a longer opportunity to benefit from any increase in prices over time.

For example, a 2009 study by the Association of Investment Companies found that an investor who made a lump sum investment in April 2004 would have been up 26% by April 2009, compared to a periodic dollar cost investment strategy loss of 10% over the same time. Several U.S. studies over several decades reviewed overall stock market performance and reached a similar conclusion: the longer the time frame, the greater the odds that a lump-sum investment will outperform dollar cost averaging.

CONSIDERATIONS ABOUT DOLLAR COST AVERAGING

- Think about whether you'll be able to continue your investing program during a down market. The return and principal value of stocks fluctuate with changes in market conditions. If you stop when prices are low, you'll lose much of the benefit of dollar cost averaging. Consider both your financial and emotional ability to continue making purchases through periods of low and high price levels. Plan ahead for how you'll manage the temptation to stop investing when the chips are down, and remember that shares may be worth more or less than their original cost when you sell them.
- The cost benefits of dollar cost averaging tend to diminish a bit over very long periods of time, because time alone also can help average out the market's ups and downs.

CONSIDERATIONS ABOUT INVESTING A LUMP SUM

- The lump-sum studies reflect the long-term historical direction of the stock market since record-keeping began in 1925. That doesn't mean the markets will behave in the future as they have in the past, or that there won't be extended periods in which stock prices don't rise. Even if they do move up, they may not do so immediately and forever once you invest.
- Don't forget that though diversification alone can't guarantee a profit or prevent the possibility of loss, a lump sum invested in a single security generally involves more risk than a lump sum put into a diversified portfolio, regardless of your time frame.

In the end, deciding between lump-sum investing and dollar cost averaging illustrates the classic risk-reward tradeoff that all investments entail. It's important to know yourself and your limitations as an investor. Understanding the pros and cons of each approach can help you make the decision that best suits your personality and circumstances.

PHOTO: View of the Old Town of Basel with red stone Munster cathedral and the Rhine river, Switzerland

Investment Management

UNDERSTANDING RISK —PICK YOUR POISON!

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Currently, the public is quite focused on volatility. This is otherwise known as Market Risk—referring to the possibility that an investment will lose value because of a general decline in financial markets, due to one or more economic, political or other of a myriad of risk factors. Recently, you may have heard me describe that there are two main risks that our clients choose from—either **market risk**, **inflation risk**, or both. **Inflation Risk**, also called **Purchasing Power Risk**, refers to the possibility that general prices will rise, and one's ability to purchase goods and services would decline. So, if we do not invest in a long-term portfolio that will generate solid returns (6% per year or more) to combat inflation, we might not be able to purchase all we need, and in retirement we could face the specter of running out of our funds during our lifetime. This is a serious risk often overlooked by risk averse people who shun the volatility of the stock market completely, or to any significant degree, by keeping balances in the bank instead of investing for the long term.

At BWFA we encourage clients to assume volatility (market risk) and avoid assuming the purchasing power risk. In most cases, clients rely on their savings to sustain them in the retirement years (decades!!). So, they really ought to choose this market risk, risk that is mitigated greatly by investing prudently and over the long run through your advisor.

There are other types of risks besides the two previously described:

- **INTEREST RATE RISK:** bonds' values will fluctuate up or down given changes in interest rates. Right now, with interest rates trending higher, the values will go down given the inverse relationship between rates and the values of the bonds or other interest rate sensitive investments. At this writing, BWFA is careful in this area as the interest rate risk can be substantial given these rising interest rates.

- **REINVESTMENT RISK:** this refers to the risk that you may not be able to maintain the same rate of investment.

Have you ever heard of someone taking money from a maturing CD or bond and reinvesting at a much lower rate of interest? That was a common reoccurring risk over the last 30 years as interest rates dropped from the highs of the 1970s to where they have been in the last few years.

- **DEFAULT RISK:** another risk related to bond investing—there may be a risk that the issuer of a bond, say a corporation or a smaller government jurisdiction, will not be able to pay its bondholders interest or repay the principle at maturity. A stark reality for those who remember the Washington (State) Public Power bonds defaulting in the 1980s, or other high-risk debt defaulting on the books of various shaky corporations throughout the years.

- **LIQUIDITY RISK:** this refers to how easily your investments can be converted to cash. More importantly, what is the risk that your investments can be converted easily to cash without significant loss of principle.

We utilize various techniques to manage this risk for our clients who need a measure of liquidity in their portfolios.

- **POLITICAL RISK:** this relates to risk from new legislation or changes in foreign governments which can adversely affect companies or markets, foreign or domestic, you invest in.

- **CURRENCY RISK:** refers to risks that might negatively affect your foreign investments if their corresponding currency reacts negatively related to US dollars, when our clients' funds are invested in the United States, and in US dollars.

Generally, the more risk you assume, the higher your potential returns, as well as potential losses. No reasonable person will assume a higher risk without the prospect of achieving a higher return. There is a tradeoff. As described above there is a tradeoff between assuming volatility over time versus assuming the risk that your money will run out sooner if you do not achieve the higher returns.

BWFA aims to maximize returns while taking the appropriate market risk for each individual investor.

What is your personal desire to assume any risk, and your comfort level with doing so? If you cannot sleep at night because you are worrying too much about your investments, you may be taking too much risk. Your personal circumstances—personality, stage of life, need for funds to grow by a certain amount to support retirement expenses, your current age, any other objectives—factor in to the investment risk decisions you will make.

With 30 years to build a nest egg for younger investors, or 30+ years of retirement for those entering retirement, or even many years for older investors who want to maintain their legacy for their heirs while caring for themselves in the latter years, we all always have time to ride out short term fluctuations as seen in the current environment, in hopes of a greater long term return to achieve our life's goals.

PHOTO: Sunset at the Cologne Cathedral with Hohenzollern Bridge in Germany

Investment Management

THE ROTH 401(K)

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Some employers offer 401(k) plans that allow participants the opportunity to make Roth 401(k) contributions. If you're lucky enough to work for an employer that offers this option, Roth contributions could play an important role in helping enhance your retirement income.

WHAT IS A ROTH 401(K)?

A Roth 401(k) is simply a traditional 401(k) plan that accepts Roth 401(k) contributions. Roth 401(k) contributions are made on an after-tax basis, just like Roth IRA contributions. This means there's no up-front tax benefit, but if certain conditions are met, your Roth 401(k) contributions and all accumulated investment earnings on those contributions are free from federal income tax when distributed from the plan. (403(b) and 457(b) plans can also allow Roth contributions.)

WHO CAN CONTRIBUTE?

Unlike Roth IRAs, where individuals who earn more than a certain dollar amount aren't allowed to contribute, you can make Roth contributions, regardless of your salary level, as soon as you're eligible to participate in the plan. And while a 401(k) plan can require employees to wait up to one year before they become eligible to contribute, many plans allow you to contribute beginning with your first paycheck.

HOW MUCH CAN I CONTRIBUTE?

There's an overall cap on your combined pre-tax and Roth 401(k) contributions. You can contribute up to $18,500 of your pay ($24,500 if you're age 50 or older) to a 401(k) plan in 2018. You can split your contribution any way you wish. For example, you can make $10,000 in Roth contributions and $8,500 in pre-tax 401(k) contributions. It's up to you.

But keep in mind that if you also contribute to another employer's 401(k), 403(b), SIMPLE, or SAR-SEP plan, your total contributions to all of these plans — both pre-tax and Roth — can't exceed $18,500 ($24,500 if you're age 50 or older). It's up to you to make sure you don't exceed these limits if you contribute to plans of more than one employer.

CAN I ALSO CONTRIBUTE TO A ROTH IRA?

Yes. Your participation in a Roth 401(k) plan has no impact on your ability to contribute to a Roth IRA. You can contribute to both if you wish (assuming you meet the Roth IRA income limits). You can contribute up to $5,500 to a Roth IRA in 2018, $6,500 if you're age 50 or older (or, if less, 100% of your taxable compensation).

SHOULD I MAKE PRE-TAX OR ROTH 401(K) CONTRIBUTIONS?

When you make pre-tax 401(k) contributions, you don't pay current income taxes on those dollars but your contributions and investment earnings are fully taxable when you receive a distribution from the plan. In contrast, Roth 401(k) contributions are subject to income taxes up front, but qualified distributions of your contributions and earnings are entirely free from federal income tax.

Which is the better option depends upon your personal situation. If you think you'll be in a similar or higher tax bracket when you retire, Roth 401(k) contributions may be more appealing, since you'll effectively lock in today's lower tax rates. However, if you think you'll be in a lower tax bracket when you retire, pre-tax 401(k) contributions may be more appropriate. Your investment horizon and projected investment results are also important factors. Before you take any specific action be sure to consult with your own tax or legal counsel.

ARE DISTRIBUTIONS REALLY TAX FREE?

Because your Roth 401(k) contributions are made on an after-tax basis, they're always free from federal income tax when distributed from the plan. But the investment earnings on your Roth contributions are tax free only if you meet the requirements for a "qualified distribution."

In general, a distribution is qualified only if it satisfies both of the following:

- It's made after the end of a five-year waiting period
- The payment is made after you turn 59½, become disabled, or die

The five-year waiting period for qualified distributions starts with the year you make your first Roth contribution to your employer's 401(k) plan. For example, if you make your first Roth contribution to the plan in December 2018, then the first year of your five-year waiting period is 2018, and your waiting period ends on December 31, 2022.

But if you change employers and roll over your Roth 401(k) account from your prior employer's plan to your new employer's plan (assuming the new plan accepts Roth rollovers), the five-year waiting period starts instead with the year you made your first contribution to the earlier plan.

If your distribution isn't qualified (for example, you receive a payout before the five-year waiting period has elapsed), the portion of your distribution that represents investment earnings on your Roth contributions will be taxable and will be subject to a 10% early distribution penalty unless you are 59½ or another exception applies.

You can generally avoid taxation by rolling your distribution over into a Roth IRA or into another employer's Roth 401(k), 403(b), or 457(b) plans, if that plan accepts Roth rollovers. (State income tax treatment of Roth 401(k) contributions may differ from the federal rules.)

WHAT ABOUT EMPLOYER CONTRIBUTIONS?

While employers don't have to contribute to 401(k) plans, many will match all or part of your contributions. Your employer can match your Roth contributions, your pre-tax contributions, or both.

But your employer contributions are always made on a pre-tax basis, even if they match your Roth contributions. That is, your employer's contributions, and investment earnings on those contributions, are not taxed until you receive a plan distribution.

WHAT ELSE DO I NEED TO KNOW?

Like pre-tax 401(k) contributions, your Roth 401(k) contributions and investment earnings can be paid from the plan only after you terminate employment, incur a financial hardship, attain age 59½, become disabled, or die.

Also, unlike Roth IRAs, you must begin taking distributions from a Roth 401(k) plan after you reach age 70½ (or in some cases, after you retire). But this isn't as significant as it might seem, since you can generally roll over your Roth 401(k) dollars (other than RMDs themselves) into a Roth IRA if you don't need or want the lifetime distributions.

Employers aren't required to make Roth contributions available in their 401(k) plans. So be sure to ask your employer if they are considering adding this exciting feature to your plan.

	ROTH 401(K)	ROTH IRA
Maximum contribution (2018)	Lesser of $18,500 or 100% of compensation	Lesser of $5,500 or 100% of compensation
Age 50 catch-up (2018)	$6,000	$1,000
Who can contribute?	Any eligible employee	Only if under income limit
Age 70½ required distributions?	Yes	No
Potential matching contributions?	Yes	No
Potential loans?	Yes	No
Tax-free qualified distributions?	Yes, 5-year waiting period plus either 59½, disability, or death	Same, plus first-time homebuyer expenses (up to $10,000 lifetime)
Non-qualified distributions	Pro-rata distribution of tax-free contributions and taxable earnings	Tax-free contributions distributed first, then taxable earnings
Investment choices	Limited to plan options	Virtually unlimited
Federal bankruptcy protection	Unlimited	$1,283,025 (All IRAs aggregated)

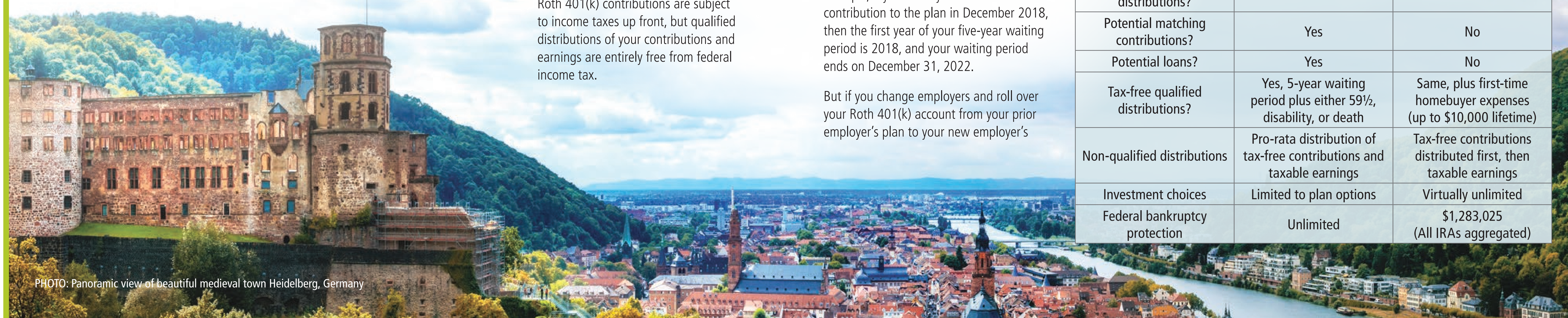


PHOTO: Panoramic view of beautiful medieval town Heidelberg, Germany

Tax Services

MEET YOUR BWFA TAX TEAM

RACHEL DUNCAN | Tax Advisor | rduncan@bwfa.com

Rachel Duncan graduated from the University of North Carolina at Charlotte with degrees in both Accounting and Finance. She has worked in public tax for over 8 years, including working in Charlotte, NC and Boston, MA. Rachel is on track to become a Certified Public Accountant.

Rachel lives in Annapolis, Maryland with her husband, two boys and two dogs. She enjoys traveling, rugby and spending time with her family.

AMY G. CUDIA | CPA | Tax Advisor | acudia@bwfa.com

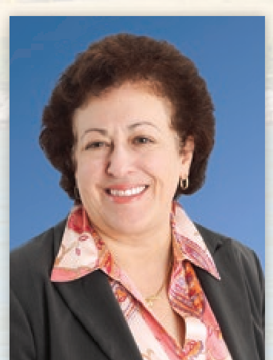
Amy G. Cudia, CPA joins BWFA with fourteen years of experience in public accounting. Prior to joining BWFA, Amy worked as a tax supervisor and manager with regional CPA firms based in Maryland and Virginia with a focus on business entities, non-profit organizations, and state and local taxation. Amy is a certified public accountant licensed in Maryland and Virginia. She also is a member of the American Institute of Certified Public Accountants (AICPA), the Maryland Association of Certified Public Accountants (MACPA), and the Virginia Society of Certified Public Accountants (VSCPA).

Amy lives in Millersville, MD with her husband and son. Outside of work she enjoys spending time with her friends and family, traveling, and crafts.

ANA WELBORN | CPA | Tax Consultant | awelborn@bwfa.com

Ana joined BWFA as a Tax Advisor in 2017. She is a graduate of the University of Maryland, Baltimore County where she earned her BS in Financial Economics and minored in accounting. Prior to joining BWFA, Ana was a tax manager at DHG, LLP (formerly Stegman & Co.) where her experience included working with various types of business entities, individuals, non-profits organizations, and trusts. Ana is a member of the American Institute of Certified Public Accountants and the Maryland Association of Certified Public Accountants.

Ana currently lives in Baltimore, Maryland. She enjoys traveling and spending time with family and friends.



ANN GARCZYNSKI | CPA | Senior Client Associate | agarczynski@bwfa.com

Ann Garczynski is a graduate of the University of Baltimore with a Bachelor's Degree in Business Administration and Accounting. Ann is a member of the American Institute of Certified Public Accountants. She is a native of New York City and began her career as a legal secretary in Manhattan. After moving to Maryland, she worked at the law firm of Weinberg and Green in Baltimore while completing her degree. Her first job after graduation was in the tax department of Deloitte & Touche LLP in their Baltimore office. Her experience preparing both individual and business tax returns, along with her strong administration background and zealous commitment to getting tax returns completed on a timely basis makes her uniquely qualified to support BWFA as a Senior Client Associate within its tax department.

Ann and her husband reside in Taylorsville, Maryland. Their son currently attends college in New York.

LEX RUYGROK | CPA | Tax Consultant | lruygrok@bwfa.com

Lex started his career in the tax department of Deloitte & Touche where he became a tax manager specializing in employee benefits and retirement plan consulting. He subsequently became a partner in a small local accounting firm where he focused his practice on providing tax services to small businesses and their owners. For 10 years he served as Chief Financial Officer of a large multi-state title agency and subsequently started his own title agency while also practicing law (primarily in the areas of taxation and real estate) for five years before joining a large regional accounting firm where he became the tax director in charge of the firm's personal financial services group.

Lex has taught business law and accounting classes at Clemont College and was an adjunct professor at Villa Julie College (now Stevenson University) where he taught tax accounting classes. Currently he teaches graduate and undergraduate classes in individual and business taxation for the Smith Business School at the University of Maryland. He has been very active in the community, serving as the Chairman of the Howard County Pension Oversight Commission and also as the Vice Chairman of the Howard Community College Education Foundation. Lex has a B.A. in Economics from the University of Virginia and is an honors graduate of the University Of Maryland School Of Law.

JAMES BURGESS | CPA | Tax Consultant | jburgess@bwfa.com

James is a CPA with 30 years of tax consulting experience. He was previously a tax senior manager with the international accounting firm of Deloitte & Touche, the international consulting firm MAXIMUS, and also served for seven years as President and Chief Financial Officer of a systems integration firm serving the Mid-Atlantic region. His service covers individual and business clients ranging from start-ups to multi-national companies with a strong emphasis assisting entrepreneurs in the technology, retail, manufacturing, construction and real estate industries.

Jim is a graduate of Catawba College. He is a member of the American Institute of Certified Public Accountants and the Maryland Association of Certified Public Accountants. He has also served in various capacities for several civic organizations including the Fairfax County Public Schools Education Foundation, Baltimore Area Council of the Boy Scouts of America, the Girl Scouts of Central Maryland, and past Chairman of the Leonard Cheshire Center USA.

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Tax Services

UNDERSTANDING PERSONAL TAX CREDITS

AMY G. CUDIA
CPA
TAX ADVISOR
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Have you ever thought that you're paying too much income tax? You may be, if you're not claiming all of the tax credits for which you are eligible when you file your federal tax return. These credits may significantly reduce your tax liability.

WHAT IS A TAX CREDIT?

A tax credit is a dollar-for-dollar reduction of your tax liability. Generally, after you've calculated your federal taxable income and worked out how much tax you owe, you can subtract the amount of any tax credit for which you are eligible from your tax obligation. In some cases, if your tax credits exceed your tax liability, you will be able to claim the difference as a refund.

WHAT IS THE DIFFERENCE BETWEEN A TAX DEDUCTION AND A TAX CREDIT?

A tax deduction reduces your taxable income, so that when you calculate your tax liability, you're doing so against a lower amount. Essentially, your tax obligation is reduced by the same percentage as your tax rate.

Here's an example. If you're in the 22 percent marginal tax bracket and you have $1,000 in tax deductions, your tax liability will be reduced by $220. That reduction would be greater if you were in a higher tax bracket.

A tax credit, on the other hand, is constant. A tax credit of $100 will reduce your tax liability by $100, regardless of your tax bracket. Here's a quick summary of some of the main personal federal tax credits that may be available to you.

CHILD AND DEPENDENT CARE CREDIT

If you're working or looking for work, and you need to pay someone to look after your child or other qualifying individual, you may be eligible for the child and dependent care credit. Depending on your adjusted gross income, you may be able to claim up to 35 percent of the qualifying expenses that you pay to provide care for a dependent child under the age of 13, a disabled spouse, or a disabled dependent. A dollar limit applies to the amount of work-related expenses you can use to figure the credit. This limit is $3,000 for one qualifying person, or $6,000 for two or more qualifying persons.

For more information, see IRS Publication 503.

CHILD TAX CREDIT

The child tax credit provides tax relief for parents and others who have dependent children. If you're eligible, you may be entitled to take a credit of up to $2,000 per child. A qualifying child is typically a child, grandchild, stepchild, or foster child under the age of 17 who lives with you for more than half the year and provides less than half of his or her own support.

The child tax credit begins to phase out if your modified adjusted gross income (MAGI) exceeds a certain level ($400,000 for married persons filing jointly, $200,000 in any other case).

For more information, see IRS Publication 972.

EARNED INCOME CREDIT

The earned income credit benefits working taxpayers who have low income. You can apply for it only if you work, either as an employee or in your own business, and you have earned income during the tax year. The amount of the credit is based on your adjusted gross income, your filing status, and the number of qualifying children you have.

For more information, see IRS Publication 596.

EDUCATION CREDITS

There are two tax credits that you may qualify for if you, your spouse, or your children are attending an eligible educational institution: the American Opportunity tax credit (formerly known as the Hope credit) and the Lifetime Learning credit. Whether you can claim one of these credits (they can't both be claimed in the same year for the same student) depends on your educational status, your modified adjusted gross income (MAGI), and the amount of qualified tuition and related expenses you pay in a given year.

The American Opportunity credit is worth a maximum of $2,500 per year and is available for each student in the household who is in the first four years of undergraduate education (provided the student is attending at least half-time). The Lifetime Learning credit is worth a maximum of $2,000 per year and is more widely available — students who are attending college or graduate school (even less than half-time), taking continuing education courses, or pursuing courses connected to hobbies and other interests may be eligible for this credit. However, the Lifetime Learning credit is limited to $2,000 per tax return per year, regardless of how many students in the family may qualify.

To qualify for the full Lifetime Learning credit, your MAGI must be below $57,000 (in 2018, $56,000 in 2017) if you're a single filer and $114,000 (in 2018, $112,000 in 2017) if you're a joint filer. Single filers with a MAGI between $57,000 and $67,000 and joint filers with a MAGI between $114,000 and $134,000 can claim a partial credit in 2018.

To qualify for the full American Opportunity credit, your MAGI must be below $80,000 if you're a single filer and $160,000 if you're a joint filer. Single filers with a MAGI between $80,000 and $90,000 and joint filers with a MAGI between $160,000 and $180,000 can claim a partial credit. (The same dollar limits applied for the 2017 tax year.)

For more information, see IRS Publication 970.

OTHER TAX CREDITS

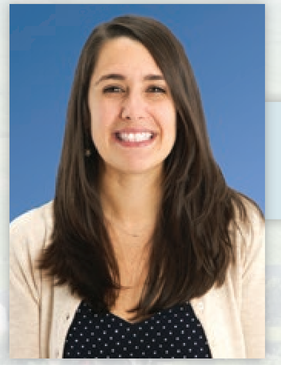
You may also be eligible for other federal tax credits, including the credits listed below:

- Adoption tax credit
- Tax credit for the elderly or the disabled
- Foreign tax credit
- Tax credit for IRA and retirement plan contributions (the retirement savings contribution, or "savers" credit)

If you would like more information on personal tax credits, contact your tax advisor at BWFA or log on to the IRS website at **www.irs.gov**.

PHOTO: View of historical center in Cologne, Germany from Rhine river

Tax Services



TAX PREPARATION CHECKLIST 2018

RACHEL DUNCAN
TAX ADVISOR
rduncan@bwfa.com

PERSONAL INFORMATION

Personal Data
- ☐ Social Security Numbers and birthdates for you, your spouse and children
- ☐ Driver's license information for taxpayer and spouse *(license number, issuing state, expiration date, issue date)*

Your Household
*(include **only** those for whom you provide >50% of their support)*
- ☐ Name, date of birth, social security number, and gross income of any adult who lived with you all year
- ☐ Name, date of birth, social security number, and gross income of any parent not living with you
- ☐ Name, date of birth, social security number of any new additions to the family

INFORMATION ABOUT YOUR INCOME

Employment
- ☐ Forms W-2 for you and your spouse

Self-Employment
- ☐ Forms 1099-Misc, if applicable
- ☐ Your Business Records:
  - ☐ Income Statement *(include revenue and expense detail)*
  - ☐ Detail of taxes paid
  - ☐ Home office expenses
  - ☐ Vehicle expenses or mileage log *(records MUST be written)*
  - ☐ Listing of current year asset acquisitions and dispositions
  - ☐ Medical insurance premiums paid for you, your spouse, and dependents
  - ☐ Self-employed retirement contributions *(SEP, SIMPLE IRA, 401(k) plans)*

Pension/Annuities
- ☐ Forms 1099-R or RRB-1099 for distributions from IRAs or retirement plans
- ☐ Any nondeductible IRA/Roth contributions or distributions thereof
- ☐ Qualified Charitable Contributions
- ☐ Rollovers

Social Security Income
- ☐ Forms 1099-SA

Rental Income
- ☐ Forms 1099-Misc
- ☐ Income Statement *(include revenue and expense detail and taxes paid)*
- ☐ Listing of current year asset acquisitions and dispositions

Investment Income
- ☐ Forms 1099-DIV, 1099-INT: statements of dividends and interest
- ☐ Forms 1099-B: proceeds from broker transactions *(include cost basis information for all non-covered stock sold)*
- ☐ Schedules K-1: partnership, trust, estate and S Corporation income

Foreign Bank Account Information
- ☐ Bank information – location *(foreign country address)*, name of institution
- ☐ Account Information *(account numbers and maximum account values during the year)*

Miscellaneous Income
- ☐ Form 1099-G for state/local tax refunds or unemployment income
- ☐ Form 1099-S for Income on Sale of Property
- ☐ Settlement sheets for any sale, purchase, or refinance of residence and original basis of house sold
- ☐ Form 1099-C from Cancellation of Indebtedness Income
- ☐ Alimony received and date of court ruling
- ☐ Scholarships, fellowships
- ☐ Other:
  - ☐ Medical Savings Account
  - ☐ jury duty
  - ☐ gambling/lottery winnings
  - ☐ prizes/awards, etc.

ADJUSTMENTS, DEDUCTIONS, AND CREDITS INFORMATION

Child Care Expenses
- ☐ Name, address, tax ID or social security number, and amount paid *(NOTE: include **day camp** expenses but not the cost of summer school)*

Education
- ☐ Form 1098-E for student loan interest
- ☐ Form 1098-T for tuition paid
- ☐ Contributions to 529 plans
- ☐ Form 1099-Q for payments from a qualified education program and related expenses

Educators *(Grades K-12)*
- ☐ Expenses paid for classroom supplies *(receipts, canceled checks)*

Retirement Contributions *(IRA, 401(k), 403(b))*
- ☐ Records of contributions made for the current tax year completed by 4/15/2019 *(identify employer and employee contributions)*

Alimony Paid
- ☐ Amount paid, former spouse's name and social security number and date of court ruling

Mortgage Interest
- ☐ Forms 1098

Charitable Donations
*(NOTE: include charity's written statement for **any** single donation **>$250**)*
- ☐ Cash amounts, official charity receipts, canceled checks
- ☐ Value of donated property
- ☐ Miles driven and out-of-pocket expenses

Casualty/Theft Losses
- ☐ Provide details of loss or damages incurred and insurance reimbursements

Gifts >$15,000
- ☐ Any gifts given during the year *(description of gift and amount)*

Other Expenses/Deductions
- ☐ Medical and Dental expense records
- ☐ Health Savings or Medical Savings Account contributions
- ☐ Adoption Expenses
- ☐ Early withdrawal penalties on CDs and other time deposits

OTHER IMPORTANT INFORMATION

Taxes You Paid
- ☐ Federal and state estimated tax payments *(include date & amount of each)*
- ☐ Real Estate Taxes Paid
- ☐ Personal Property Taxes Paid

EXTENDING YOUR RETURN

All extensions must be filed by April 15, 2019

It has not been proven that extending increases audit risk

An extension of time to file is not an extension of time to pay

You can file your return at any time before October 15, 2019

REASONS FOR EXTENDING

Some tax forms are released later than others (Schedule K-1)

Increases time to contribute to a SEP IRA

A major life event, such as loss of a loved one, or new member of the family may cause a need for additional time to prioritize your taxes

NOTES

Business Services

PLANNING FOR SUCCESSION OF A BUSINESS

BRIAN MACMILLAN
MANAGING DIRECTOR
MERGERS & ACQUISITIONS
bmacmillan@bwfa.com

BUSINESS SUCCESSION PLANNING — WHAT IS IT?

One of the important decisions a business owner must face is when and how to step out of the business — in other words, business succession planning or exit planning. Do you expect to retire from your business? Do you have a plan in place? What would happen to your business if you were to die today? Do you have children you hope to bring into the business? These are questions only you can answer, and your answers will lead you and your financial and legal advisors to a course of action.

When you develop a succession plan for your business you have two basic choices: you can sell your business, or you can give it away. Once you choose to either sell or gift, you can structure your plan to go into effect during your lifetime or at your death.

In this article, we will focus on options for selling your business rather than giving it away.

TRANSFERRING YOUR BUSINESS INTEREST WITH A BUY-SELL AGREEMENT

You can transfer your business interest with a buy-sell agreement, a legal contract that prearranges the sale of your business interest. It allows you to keep control of your interest until the occurrence of an event specified in the agreement, such as your death, disability, or retirement. A buy-sell agreement can help you solve the problems inherent in attempting to sell a closely held business. When you structure your agreement, you can tailor it to your needs.

WITH A BUY-SELL AGREEMENT, YOU CHOOSE THE EVENTS REQUIRING A SALE

When you draft your buy-sell agreement, you establish the triggering events, meaning those events under which the sale can or must happen. Common triggering events include death, disability, or retirement. Other events like divorce or bankruptcy can also be included as triggering events under a buy-sell agreement.

A BUY-SELL AGREEMENT PROVIDES A READY BUYER FOR YOUR INTEREST

At the occurrence of the triggering event, the buyer is obligated to buy your interest from you or your estate. The buyer can be a person, a group (such as co-owners), the business itself, or a combination. You (or your family or estate) are spared the task of trying to find a buyer when you are ready to sell.

PRICE AND SALE TERMS ARE PREARRANGED

A major function of the buy-sell agreement is the establishment of the pricing mechanism for the sale of the business interest. The payment method is typically also determined at the time the agreement is drafted. The major sale negotiation is conducted at a time when there is no pressure to sell. This eliminates the need for a fire sale when you retire, become ill, or die; and it may result in greater overall fairness in the deal.

A BUY-SELL AGREEMENT CAN INTERFERE WITH OTHER ESTATE PLANNING

Once you are bound under a buy-sell agreement, you can't sell or give your business to anyone except the buyer named in the agreement without the buyer's consent. This could restrict your ability to reduce the size of your estate through lifetime gifts of your business interest, unless you carefully consider and coordinate your estate planning goals with the terms of your buy-sell agreement.

SELL YOUR BUSINESS INTEREST

The major benefits when you sell your business interest are control and cash: you keep control of your interest or business assets until you are ready to let go, and you decide how much or how little you want to sell.

SELLING ALLOWS YOU TO RECEIVE CASH (OR CONVERTIBLE ASSETS) AND CHOOSE THE TIMING

When you sell your business interest or assets, you receive cash (or assets you can convert to cash) that can be used to maintain your lifestyle or pay your estate expenses. You can choose when you want to sell — now, at your retirement, at your death, or at some point in-between.

You can sell your interest during your lifetime, and receive cash to use for your retirement, a new business venture, or that trip around the world you've been putting off. When done at your death, an asset sale can provide cash for your estate to use in paying your final expenses or for distribution to your beneficiaries.

A LIMITED MARKET MEANS A SALE COULD BE DIFFICULT

There is often no market for the sale of a closely held business, which could make finding a buyer for your interest difficult. Some assets, such as equipment, may have a specialized use or a short time frame of technological usefulness. If your business is a service business, it may be hard to find a buyer for intangible assets such as your customer list. The level of competition in your geographic area or business field could also affect your ability to find a buyer. When the sale occurs after your death, your family or estate may be at a distinct disadvantage when negotiating with a potential buyer. The interested buyer can be expected to try to take advantage of your family's need for cash to settle your estate expenses and offer a price that is below a fair market value. A buy-sell agreement might be the solution to prevent this from happening, because it guarantees a buyer for your interest.

SIZE OF BUSINESS INTEREST, ESTATE COULD MAKE SALE DIFFICULT

The larger the size of your business interest, the more difficult it may be to find a buyer with access to sufficient cash or credit on short notice. In addition, the larger the size of your business relative to your entire estate, the greater the need for cash to settle your estate expenses. Again, transferring your business interest with a buy-sell agreement might help you to solve these potential problems. Smaller business interests are not without their own problems. Buyers may be reluctant to purchase a minority interest because such an interest doesn't carry with it the ability to control the business.

Next quarter, we will discuss options related to gifting your business, which can occur during your lifetime or upon your passing.

CHOOSING THE RIGHT TYPE OF SUCCESSION PLAN

Depending upon your particular situation, one or more of these tools may enable you to achieve the specific goals you have established regarding the sale of your business. Our Merger & Acquisition Advisors at BWFA can help navigate the various succession strategies available to you.

PHOTO: Place Kléber, the central square of Strasbourg, France

What's Happening at BWFA

CONGRATULATIONS!

ANN GARCZYNSKI
Senior Client Associate,
earned the
CPA designation

JOE DEPATIE
Senior Client Associate,
earned the CFP®
designation

TYLER KLUGE
Senior Client Associate,
earned the CFP®
designation

JOSEPH CAPUTO
Chief Information Officer &
Associate Portfolio Manager,
earned the CFP® designation

2018

Best of
Howard County

Readers' Choice
Awards

BWFA has been honored by Howard County's Readers' Choice Awards "Best of Howard County" 4 Years in a Row!

PHOTO: Breisach, Germany along the Rhine river

Upcoming Events

All Seminars are from **11:45 A.M. to 1:00 P.M.** unless noted otherwise. Please join us and bring a friend.

January

JANUARY 8, 2019
Tax Planning: New Laws
w/ Lex Ruygrok, CPA

JANUARY 10, 2019
Wellness Series: "Food as Medicine"
w/ Dr. Emily Telfair, N.D.

JANUARY 15, 2019
State of Residence in Retirement

JANUARY 17, 2019
6:00 PM - 9:00 PM
BWFA Book Club
"A Gentleman in Moscow"

JANUARY 24, 2019
Estate Planning: Legacy &
Charitable Giving w/ Steve Elville

JANUARY 29, 2019
Making the Most of Medicare

February

FEBRUARY 5, 2019
Retirement 101

FEBRUARY 7, 2019
Estate Planning: How to Avoid
Probate Court w/ Gary Greenwald, Esq.

FEBRUARY 12, 2019
Business Owner Series:
Exit Strategy & Succession Planning
w/ Matthew F. Penater, Esq.

FEBRUARY 14, 2019
CST Client Information Session

FEBRUARY 19, 2019
What's Your Retirement Number?

FEBRUARY 21, 2019
Estate Planning: Aging in Place
or CCRC w/ Steve Elville

FEBRUARY 26, 2019
Planning for Social Security

FEBRUARY 28, 2019
Top 10 Mistakes Retirees Make

March

MARCH 5, 2019
State of Residence in Retirement

MARCH 7, 2019
Estate Planning: When a Loved One
Passes w/ Gary Greenwald, Esq.

MARCH 14, 2019
Required Minimum Distributions

MARCH 19, 2019
Good vs. Bad Debt

MARCH 21, 2019
Estate Planning:
Alzheimer's vs Dementia w/ Steve Elville
& Jill Rosner, RN, BSN, CCM®

MARCH 28, 2019
Roth vs. Traditional IRA

Check out **BWFA.COM**
for latest list of seminars.

PHOTO: Medieval towers along the canals of Strasbourg, France

B|W|F|A

Baltimore-Washington

FINANCIAL ADVISORS

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