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President's Address

HOW TO HELP YOUR AGING PARENTS PREPARE FOR RETIREMENT

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SOME PEOPLE STRIDE INTO THEIR RETIREMENT YEARS WITH THE SAME SELF-ASSURANCE THEY'VE DEMONSTRATED ALL THEIR LIVES. THEY'VE GOT THE RETIREMENT THING FIGURED OUT, AND THEY DON'T NEED HELP FROM ANYONE. BUT OTHERS GO INTO RETIREMENT NEVER ENTIRELY CERTAIN THEY'RE ACTUALLY PREPARED FOR IT.

If your aging parents fall into the latter group, you may want to step in with some assistance with their retirement process as soon as possible. Better to face whatever the issues are now, so you have time to prepare for any unforeseen problems!

We have seen a surge in the number of our clients bringing their parents in for Workshops, as well as Financial and Estate Planning. BWFA has facilitated scores of these discussions, and can be an effective sounding board for you and your siblings on how to bring the family together to talk about assisted living, skilled nursing or the best retirement communities in the area for you to consider.

We have recently started to recommend a local, Howard County company called "Let's Move" which provides a service to help folks pack up their belongings and downsize out of their house.

GETTING THEM TO OPEN UP ABOUT FINANCES

As a first step, this can be a very difficult effort all by itself. Most adults are not at all comfortable discussing their finances with other people, least of which their children. The situation is even more pronounced among the elderly.

Justified or not, some elderly are concerned that their children are asking about the state of their finances because they're concerned about their inheritance.

Still others can't cope with the idea of the role reversal — you are casting yourself in the role of the parent, which effectively reduces them to a child.

You'll have to approach the subject delicately, assuring them that the inheritance has nothing to do with it. Your entire concern is their retirement, and how well prepared they are for it.

However, you approach it, getting them to open up and speak honestly about the state of their finances is one of the most important steps to take.

ASSESSING THE INCOME SITUATION

There's no way to get around the discussion of retirement without digging deep into their income situation. And you'll need hard numbers in order to assess it properly.

You may have to take a proactive role in order to get the necessary information. For example, offer to help them apply for Social Security if they haven't done so already.

Also, offer to review any pension information they have, and take a look at any retirement investment accounts. Assure them that your concern is for them to have sufficient income to live comfortably in retirement.

If you see a deficiency in their income, be prepared to make suggestions as to what they can do. In fact, if they have delayed retirement up to this point, insufficient income could be the problem. But if you get on board with suggestions as to how they can maximize their income, or find additional sources, you may earn their trust.

TALLYING UP THE DEBTS

The elderly are carrying debt into retirement at levels never seen before, and it's not just unpaid mortgage balances. There are often one or more car loans, and a generous amount of credit card debt. Unfortunately, the more debt they have the more reluctant they will be to disclose the full extent to you. Once again, you need to be persistent. Debt can be the Achilles' heel of a would-be retiree.

If you determine your parents have an excessive amount of debt, you have to get directly involved. This can include negotiating with their creditors to lower debt levels, setting them up with a debt counseling service or, if the debt levels are high enough, you might recommend bankruptcy. This may be the only chance they will have to ever be able to retire.

(CONTINUE READING ON PAGE 4)

CHANGING SPENDING PRIORITIES

Many of the elderly are naturally frugal, so your responsibility here may be minimal. On the other hand, if your parents have had difficulty managing money during their working lives, you may want to counsel them on how to change spending priorities. If you don't think that you will have much impact, refer them to a third-party source. Elderly parents are sometimes more receptive to advice from strangers than from their own children.

Spending priorities have to change for retirement. For example, healthcare becomes a primary expense as you get older. Sure, your parents may have Medicare and even supplemental coverage, but a significant increase in medical expenses could consume a disproportionate amount of income.

They need to be prepared for this. Changing their spending habits will include cutting other expenses. For example, if they like "things", they won't be in a position to spend as much money buying them.

DOWNSIZING LIVING ARRANGEMENTS

This could be the most delicate of all discussions. The elderly are often reluctant to give up their homes, even when they can't truly afford them (the evidence is found in the growing popularity of reverse mortgages). If your parents will be in a tight financial position, you should emphasize the need to move to a less expensive home.

That can involve selling their home, and moving into a smaller one, or even an apartment. Or it could mean moving from a larger apartment to a smaller one. Apart from the actual cost of housing, location will become increasingly important.

They should live in an area that's close to whatever services they need on a regular basis. This will help them to de-emphasize driving, and perhaps rely more heavily on public transportation which can save them money.

CONTINUING TO SAVE

If your parents have not been very successful as savers during their working years, this can be a major topic. Even if the moment has passed on their ability to build an income-producing retirement portfolio, they still need to have money saved up for contingencies.

If income will be tight, they may find themselves needing extra cash to pay for unexpected expenses. This can give rise to the importance of a very large emergency fund. One or both parents may have to continue working for a time in order to build up the fund. But if their finances are otherwise stretched there will be little alternative.

AVOIDING FINANCIAL SCAMS

The elderly are among the favorite prey of scam artists. They are especially vulnerable if they don't have a large amount of savings. The promise of making a "killing" on a small investment, can be a tempting way to make up for lost time.

You'll need to educate your parents about this reality, and stress the importance of getting advice from a trusted source, a fiduciary, and someone who has their best interests at heart.

If your parents lack the financial resources to afford a comfortable retirement, you have no choice but to get involved. Problems that they'll have down the road may very well fall on you. Your intervention now could help to eliminate some of those problems later.

WE'RE HERE TO HELP!

Here at BWFA we strive for a comprehensive, holistic approach to client service. This means that we understand that in order to fully serve our clients we must consider all those seemingly disparate factors and relationships that make up your "whole" lives. We do this through personal client interactions, seminars on a wide variety of topics, and the ability to offer advice and personalized solutions to anything at all related to your financial well being. Please contact us about your concerns for aging family members, or anything else going on in your lives. We're here to help!

Do you know someone

WHO COULD USE GUIDANCE WITH THEIR INVESTMENTS?

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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: Longwood Gardens' Signature Main Fountain Garden, Kennett Square, PA

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Financial Planning

Teaching Your Teen About Money

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Your teen is becoming more independent, but still needs plenty of advice from you. With more money to spend and more opportunities to spend it, your teen can easily get into financial trouble. So before money burns a hole in your child's pocket, teach him or her a few financial lessons. With your help, your teen will soon develop the self-confidence and skills he or she needs to successfully manage money in the real world.

LESSON 1: HANDLING EARNINGS FROM A JOB

Teens often have more expenses than younger children, and your child may be coming to you for money more often. But with you holding the purse strings, your teen may have difficulty making independent financial decisions.

One solution? Encourage your teen to get a part-time job that will enable him or her to earn money for expenses. Here are some things you might want to discuss with your teen when he or she begins working:

- **Agree on what your child's pay should be used for.** Now that your teen is working, will he or she need to help out with car insurance or clothing expenses, or do you want your teen to earmark a portion of each paycheck for college?
- **Talk to your teen about taxes.** Show your child how FICA taxes and regular income taxes can take a bite out of his or her take-home pay.
- **Introduce your teen to the concept of paying yourself first.** Encourage your teen to deposit a portion of every paycheck in a savings account before spending any of it.

A teen who is too young to get a job outside the home can make extra cash by babysitting or doing odd jobs for you, neighbors, or relatives. This money can supplement any allowance you choose to hand out, enabling your young teen to get a taste of financial independence.

LESSON 2: DEVELOPING A BUDGET

Developing a written spending plan or budget can help your teen learn to be accountable for his or her finances. Your ultimate goal is to teach your teen how to achieve a balance between money coming in and money going out. To develop a spending plan, have your teen start by listing out all sources of regular income (e.g., an allowance or earnings from a part-time job). Next, have your teen brainstorm a list of regular expenses (don't include anything you normally pay for). Finally, subtract your teen's expenses from his or her income. If the result shows that your teen won't have enough income to meet his or her expenses, you'll need to help your teen come up with a plan for making up the shortfall. Here are some ways you can help your teen learn about budgeting:

- **Consider giving out a monthly, rather than weekly, allowance.** Tell your teen that the money must last for the whole month, and encourage him or her to keep track of what's been spent.
- **Encourage your teen to think spending decisions through rather than buying items right away.** Show your teen how comparing prices or waiting for an item to go on sale can save him or her money.

- **Suggest ways your teen can earn more money or cut back on expenses** (e.g., rent a DVD to watch with friends rather than go to the movies) to resolve a budget shortfall.

- **Show your teen how to modify a budget** by categorizing expenses as needs (expenses that are unavoidable) and wants (expenses that could be cut if necessary).

- **Resist the temptation to bail your teen out.** If your teen can depend on you to come up with extra cash, he or she will never learn to manage money wisely. But don't be judgmental—your teen will inevitably make some spending mistakes along the way. Your child should know that he or she can always come to you for information, support, and advice.

LESSON 3:
SAVING FOR THE FUTURE

As a youngster, your child saved up for a short-term goal such as buying a favorite toy. But now that your child is a teen, he or she is ready to focus on saving for larger goals such as a new computer or a car and longer-term goals such as college. Here are some ways you can encourage your teen to save for the future:

- **Have your teen put savings goals in writing** to make them more concrete.

- **Encourage your child to set goals that are based on his or her values,** not on keeping up with what other teens have or want.

- **Motivate your child** by offering to match what he or she saves towards a long-term goal. For instance, for every dollar your child sets aside for college, you might contribute 50 cents or 1 dollar.

- **Consider increasing your teen's allowance** if he or she is too young to get a part-time job.

- **Praise your teen for showing responsibility** when he or she reaches a financial goal. Teens still look for, and count on, their parent's approval.

- **Open up a savings account** for your child if you haven't already done so.

- **Introduce your teen to the basics of investing** by opening an investment account for your teen (if your teen is a minor, this will be a custodial account). Look for an account that can be opened with only a low initial contribution at an institution that supplies educational materials introducing teens to basic investment terms and concepts.

LESSON 4:
USING CREDIT WISELY

You can take some comfort in the fact that credit card companies require an adult to cosign a credit card agreement before they will issue a card to someone under the age of 21 (unless that person can prove that he or she has the financial resources to repay the credit card debt), but you can't ignore the credit card issue altogether. Many teens today use credit cards, and it probably won't be long until your teen asks for one too.

If you decide to cosign a credit card application for your teen, ask the credit card company to assign a low credit limit (e.g., $300). This can help your child learn to manage credit without getting into serious debt. Here are some things to discuss with your teen before he or she uses a credit card:

- **Set limits** on what the card can be used for (e.g., emergencies, clothing).

- **Review the credit card agreement,** and make sure your child understands how much interest will accrue on the unpaid balance, what grace period applies, and what fees will be charged.

- **Agree on how the bill will be paid,** and what will happen if your child can't pay the bill.

- **Make sure your child understands how long it will take to pay off a credit card balance if he or she only makes minimum payments.** You can demonstrate this using an online calculator or by reviewing the estimate provided on each month's credit card statement.

If putting a credit card in your teen's hands is a scary thought, you may want to start off with a prepaid spending card. A prepaid spending card looks like a credit card, but works more like a prepaid phone card. You load the card with the dollar amount you choose and your teen can generally use it anywhere a credit card is accepted. Your teen's purchases are deducted from the card balance, and you can transfer more money to the card if necessary. Although there may be some fees associated with the card, no interest or debt accrues.

One thing you may especially like about prepaid spending cards is that they allow your teen to gradually get the hang of using credit responsibly. Because you can access account information online or over the phone, you can monitor your teen's spending habits, then sit down and talk with your teen about money management issues.

Investment Management

FOLLOWING THE (NEWS) CROWD... IS IT GOOD FOR YOU?

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There is no finer example of humans' herd mentality than listening to, and acting upon, the tidbits of the financial news media. As was commented recently, what if you left the design of elevator buttons to these folks in the media? Instead of "UP and "DOWN" buttons, wouldn't they make them read, "SOAR!" and "PLUNGE!"? The media types exaggerate to create intrigue and interest for unsuspecting viewers and listeners.

The more enlightened among us have recognized how toxic the news media can be—there are studies that show how the continuous focus on the news can do harm to our bodies. An additional point to consider is how the news shapes our thoughts about the world and, in the case of financial news, causes investors to do harmful things to their financial lives.

Our brains crave stories that somehow validate our prior conclusions, whether right or wrong. The daily news many consume explains outcomes in a rather frivolous and superficial way, feeding into the flawed way in which our brains function. It might be better to think creatively—concentrating for longer periods of time—to achieve productive outcomes. As an investor, you can lose a lot of money chasing headlines or timing the market, and the best advice is usually to do nothing.

Here are some examples from recent market history, where overreacting to "quick" financial news led investors in the wrong direction:

- Investing in the "one decision" stocks, like the "Nifty Fifty" Blue-chip stocks of the 1960-70s—where you just bought a big-name company, without regard for underlying valuations, doing so at potentially the wrong time, exposing yourself to financial peril
- Investing in the technology stocks in the 1990s—again, not based on solid investment fundamentals but on the herd mentality of the day
- Purchasing a house with little or no money down because home prices "will never go down"
- Heeding doomsday predictions regarding Donald Trump's victory in the last presidential election

Even today, there are still other, current potential lessons to consider. We do not want to react thoughtlessly just because we hear touting in the media, for example;

- Passive investing—where investors are urged to just "buy the market" and it will be easy to make money without professional analysis as to the benefits of the investment
- Investing in bonds for safety, or in retirement, without fully considering the negative effects on investment results from an impending potential bear market in bonds

When you feel a sense of panic or urge to react, remember that our brains do funny things given these short bursts of stimuli and likewise remember that the media do not report their news for the purposes of making you money.

BWFA's focus is on creating a long term, thoughtful plan based on sound judgement and research, often running the other way from the herd, in order to assist clients in achieving their financial plans.

Investment Management

ASSET ALLOCATION IN RETIREMENT

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Your asset allocation strategy in retirement will probably be different than the one you used when saving for retirement. During your accumulation years, your asset allocation decisions may have been focused primarily on long-term growth. But as you transition into retirement, your priorities for and demands on your portfolio are likely to be different.

For example, when you were saving, as long as your overall portfolio was earning an acceptable average annual return, you may have been happy. However, now that you're planning to rely on your savings to produce a regular income, the consistency of year-to-year returns and your portfolio's volatility may assume much greater importance.

THE GOAL OF ASSET ALLOCATION

Balancing the need for both immediate income and long-term returns can be a challenge. Invest too conservatively, and your portfolio may not be able to grow enough to maintain your standard of living. Invest too aggressively, and you could find yourself having to withdraw money or sell securities at an inopportune time, jeopardizing future income and undercutting your long-term retirement income plan. Without proper planning, a market loss that occurs in the early years of your retirement could be devastating to your overall plan. Asset allocation and diversification do not guarantee a profit or ensure against a loss, but they can help you manage the level and types of risk you take with your investments based on your specific needs.

An effective asset allocation plan:

- Provides ongoing income needed to pay expenses
- Minimizes volatility to help provide both reliable current income and the ability to provide income in the future
- Maximizes the likelihood that your portfolio will last as long as you need it to
- Keeps pace with inflation in order to maintain purchasing power over time

LOOK BEYOND PRECONCEIVED IDEAS

The classic image of a retirement income portfolio is one that's invested almost entirely in bonds, with the bond interest providing required annual income.

However, retirees who put all their investments into bonds often find that doing so doesn't adequately account for the impact of inflation over time. Consider this: If you're earning 4% on your portfolio, but inflation is running between 3% and 4% (its historical average), your real return is only 1% at best — and that's before accounting for any taxes.

That means that you may not want to turn your back on growth-oriented investments. Though past performance is no guarantee of future results, stocks historically have had better long-term returns than bonds or cash. Keeping a portion of your portfolio invested for growth (generally the role of stocks in a portfolio) gives you the potential for higher returns that can help you at least keep pace with inflation. The tradeoff: Equities also generally involve more volatility and risk of loss than income-oriented investments.

But effective diversification among various types of investments can help you balance lower-yielding, relatively safe choices that can provide predictable income or preserve capital with those that may be volatile but that offer potential for higher returns.

THERE'S NO ONE RIGHT ANSWER

Your financial situation is unique, which means you need an asset allocation strategy that's tailored to you. That strategy may be a one-time allocation that gets revisited and rebalanced periodically, or it could be an asset allocation that potentially shifts over time to correspond with a different stage of your retirement. The important thing is that the strategy you adopt is one that you're comfortable with and understand.

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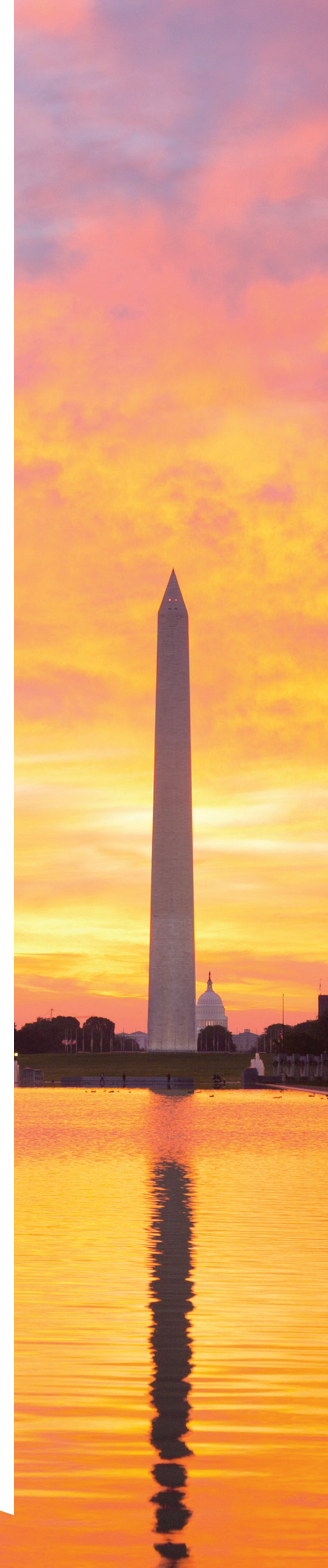
Recently, the *Financial Times* recognized 300 top RIAs*, based on criteria including: assets under management (AUM), AUM growth rate, years in existence, compliance record, industry certifications (such as CFP® and CFA), and online accessibility.

While it's gratifying to be recognized, BWFA's main objective continues to be serving our clients with undivided loyalty. We provide impartial advice and work exceptionally hard at helping our clients achieve their goals. As always, we are dedicated to serving our clients' best interests.

** "RIA," as used in the Financial Times article, is an abbreviation for Registered Investment Adviser and is not a designation. Registration as an investment adviser does not constitute an endorsement of the firm by securities regulators nor does it indicate that the adviser has attained a particular level of skill or ability.* ***FT 300 Disclosure: The 2018 Financial Times Top 300 Registered Investment Advisors*** *is an independent listing produced by the Financial Times (June, 2018). The FT 300 is based on data gathered from RIA firms, regulatory disclosures, and the FT's research. As identified by the FT, the listing reflected each practice's performance in six primary areas, including assets under management, asset growth, compliance record, years in existence, credentials and accessibility. Neither the RIA firms nor their employees pay a fee to The Financial Times in exchange for inclusion in the FT 300. Third-party rankings from Financial Times and other publications are no guarantee of future investment success. Working with a highly ranked adviser does not ensure that a client or prospective client will experience a higher level of performance results. These rankings should not be construed as an endorsement of the adviser by any client.*



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Baltimore-Washington Financial Advisors invite you to experience the excellence that has formed our reputation as a leading Registered Investment Advisor in the industry. **Contact us today to schedule your no cost or obligation consultation to learn more.**

Tax Services

GIFT AND ESTATE TAXES

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If you give away money or property during your lifetime, those transfers may be subject to federal gift and estate taxes, as well as state gift tax. The money and property you own when you die (i.e., your estate) may also be subject to federal gift and estate taxes and some form of state death tax. These property transfers may also be subject to generation-skipping transfer taxes. You should understand all of these taxes, especially since the passage of the Economic Growth and Tax Relief Reconciliation Act of 2001 (the 2001 Tax Act), the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (the 2010 Tax Act), the American Taxpayer Relief Act of 2012 (the 2012 Tax Act), and the Tax Cuts and Jobs Act. The recent Tax Acts contain several changes that make estate planning much easier.

FEDERAL GIFT AND ESTATE TAXES — BACKGROUND

Under pre-2001 Tax Act law, no federal gift and estate taxes were imposed on the first $675,000 of combined transfers (those made during life and those made at death). The tax rate tables were unified — that is, the same rates applied to gifts made, and property owned, by persons who died in 2001.

Like income tax rates, gift and estate tax rates were graduated. Under this unified system, the recipient of a lifetime gift received a carryover basis in the property received, while the recipient of a bequest, or gift made at death, got a step-up in basis (usually fair market value on the date of death of the person who made the bequest or gift).

The 2001 Tax Act, the 2010 Tax Act, the 2012 Tax Act, and the Tax Cuts and Jobs Act substantially changed this tax regime.

FEDERAL GIFT AND ESTATE TAXES — CURRENT

The 2001 Tax Act increased the applicable exclusion amount for gift tax purposes to $1 million through 2010. The applicable exclusion amount for estate tax purposes gradually increased over the years until it reached $3.5 million in 2009. The 2010 Tax Act repealed the estate tax for 2010 and taxpayers either received a carryover income tax basis in the property transferred at death or could elect to pay the estate tax (and get the step-up in basis). The 2010 Tax Act also re-unified the gift and estate taxes and increased the applicable exclusion amount to $5,120,000 in 2012. The top gift and estate tax rate was 35 percent in 2012. The 2012 Tax Act increased the applicable exclusion amount to $5,490,000 (in 2017) and the top gift

and estate tax rate to 40 percent (in 2013 and later years). The Tax Cuts and Jobs Act, signed into law in December 2017, doubled the gift and estate tax exclusion amount and the GST tax exemption (see below) to about $11,200,000 in 2018. After 2025, they are scheduled to revert to their pre-2018 levels and will be cut by about one-half.

However, many transfers can still be made tax free, including:

- **Gifts to your U.S. citizen spouse;** you may give up to $152,000 in 2018 ($149,000 in 2017) tax free to your noncitizen spouse
- **Gifts to qualified charities**
- **Gifts totaling up to $15,000 (in 2018, $14,000 in 2017)** to any one person or entity during the tax year, or $30,000 (in 2018, $28,000 in 2017) if the gift is made by both you and your spouse (and you are both U.S. citizens). Gifts given in excess of the annual exclusion are not necessarily taxable but will reduce your overall lifetime exclusion ($11,200,000 in 2018). In addition, these gifts would trigger a gift tax filing, which is basically a formality as no tax would be accessed unless you gifted more than the life time exclusion. The gift tax return is essentially how the IRS tracks your annual giving to ensure you are not gifting away your estate during your lifetime. It is also important to remember that gifts are not taxable to the recipient.
- **Amounts paid on behalf of any individual as tuition** to an educational organization or to any person who provides medical care for an individual

FEDERAL GENERATION-SKIPPING TRANSFER TAX

The federal generation-skipping transfer (GST) tax imposes tax on transfers of property you make, either during life or at death, to someone who is two or more generations below you, such as a grandchild. The GST tax is imposed in addition to, not instead of, federal gift and estate taxes. You need to be aware of the GST tax if you make cumulative generation-skipping transfers in excess of the GST tax exemption ($11,200,000 in 2018, $5,490,000 in 2017). A flat tax equal to the highest estate tax bracket in effect the year you make the transfer (40 percent in 2017 and 2018) is imposed on every transfer made after your exemption has been exhausted.

STATE TRANSFER TAXES

Currently, a few states impose a gift tax, and a few states impose a generation-skipping transfer tax. Some states also impose a death tax, which could be in the form of estate tax, inheritance tax, or credit estate tax (also known as a sponge or pickup tax). Maryland does not impose a gift tax; however, Maryland does impose a death tax in the form of an estate tax and inheritance tax. Maryland's estate tax exemption will match the federal estate tax exclusion of $11,200,000 per person for decedents who die on or after January 1, 2019. For decedents dying in 2018, Maryland's exemption is $4 million. Maryland's inheritance tax is a separate tax that is imposed on property that passes from a decedent to certain beneficiaries, but the estate is allowed a credit for inheritance taxes that have been paid. The inheritance tax does not apply to a beneficiary who is a spouse, child, parent, grandparent, or brother or sister of the decedent.

Business Services

FUNDING A NEW BUSINESS

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You've written your business plan, you're excited about your business idea, and now it's time to get started. One problem: You don't have the financing to fully realize your dream. What are your options? Aside from using your own funds and borrowing from friends and family, there are numerous routes that you can take, and each has its advantages and disadvantages. Here are some of the major options available for funding your small business, and some of the pitfalls to avoid.

BANK LOANS

Getting a loan from a local bank is the first option that most people consider when funding a new business. But it's often difficult to obtain a bank loan on the basis of a business plan alone. Banks can't use your idea as collateral.

If you are thinking of getting a bank loan, you will likely need to secure the loan through other means, such as putting up your home as collateral. A bank loan may be more feasible, though, if you are purchasing an ongoing business outright. In that case, the assets or the business itself can be used to secure the loan.

In any case, the advantage of a bank loan is that you won't have to give away any equity if your business succeeds. You will simply repay the loan and own your business outright. If your business fails, however, you may end up losing more than your business assets, depending on the terms of the loan.

ANGEL INVESTORS

Angel investors are private investors who contribute money to a business in exchange for an ownership interest. The obvious advantage of utilizing angel investors is that you don't have to repay a loan. However, you may have to give up a significant amount of equity (and control, depending on the security issued) to the angel investors. Angel investors typically expect to receive preferred equity security in exchange for their investment.

Perhaps the greatest obstacle is finding the right angels. There are many people out there who want to invest in small businesses, but it's not easy to find the right fit. If you opt for this route, make sure that all parties have the same expectations regarding the prospect of success.

VENTURE CAPITAL

Venture capital firms may be a viable financing source for your business but, then again, they may not. Like angel investors, venture capitalists typically

take an equity stake in your company, and most expect to receive preferred equity security in exchange for their investment. Most venture capitalists specialize in certain industries, and many provide corporate direction as well as financing (some angel investors may provide such direction, as well).

It is this aspect of specialization that makes venture capital financing difficult for most new businesses to obtain. If your new business doesn't fit into the right niche, your company might not be a candidate for funding. The key is finding the right target before you make your pitch.

SELLING STOCK

Selling stock in your company can take several different forms. We've all heard and read a lot about initial public offerings (IPOs). IPOs are stock sales in which previously private companies go public. An IPO is a possibility for an ongoing business, but it isn't likely to be a viable alternative for your new company.

CROWDFUNDING

An alternative to the traditional method of issuing stock—which can be a complex and cost-prohibitive process for smaller organizations—is equity crowdfunding, or using the Internet to sell equity to small investors. On October 30, 2015, the Securities and Exchange Commission (SEC) released final rules on equity crowdfunding. While the forms that funding portals use to register with the SEC became effective early in 2016, the final regulations took effect on May 16, 2016. You should thoroughly review the "Regulation Crowdfunding" rules prior to beginning this process.

Small businesses are required to provide certain information to the SEC, potential investors, and the crowdfunding platforms facilitating the transactions. Moreover, crowdfunding companies will have to file an annual report with the SEC and provide it to investors.

FACTORING

You've been in business for a while and you have customers, but your collections have been bad. You need cash now, but your lack of cash inflow is holding you back. What can you do?

A common solution to this problem is factoring. Basically, you secure a loan (usually at a high interest rate) against your accounts receivable. Factoring companies aren't hard to find, and some offer better deals than others, but they are almost always going to charge you a much higher rate of interest than your bank. Thus, factoring is usually considered as an option only after all others have been exhausted.

ECONOMIC DEVELOPMENT PROGRAMS

Many federal, state, and local government loan programs are available to small businesses. The Small Business Administration (SBA) is a good place to start. The SBA offers a variety of loan programs for very specific purposes, including the 7(a) Loan Program, the Microloan Program, and the CDC/504 loan program.

In addition, don't overlook your local government loan programs. Local governments may also offer incentives such as tax breaks or a discounted loan rate if you locate your business in their jurisdiction, often in an area zoned for economic redevelopment.

CUSTOMER/SUPPLIER FINANCING

This is an option for a business that has a poor credit rating, and a realistic option that many small businesses overlook. In essence, your business bills for part of the services or products that it supplies up front. The rest of the fees are paid as the products are delivered or as the services are completed.

This strategy is aggressive, but many of your customers can appreciate the need that a small business has to keep cash flow current, and won't object to your asking for partial payment up front.

LONGWOOD GARDENS

THE STUNNING PHOTOGRAPHY FEATURED THROUGHOUT THIS ISSUE ARE OF THE NATION'S FOREMOST HORTICULTURAL GARDEN, LONGWOOD GARDENS

NOW–SEPTEMBER 30, 2018
FESTIVAL OF FOUNTAINS

A BRIEF HISTORY

Located in Chester County, PA, about an hour outside of Philadelphia, Longwood Gardens boasts 11,000 varieties of plants spread out across more than 1,000 acres of gardens, meadows, woodlands and elaborate horticultural displays.

The property was originally owned by William Penn who in 1700 sold 402 acres of land to George Peirce. Peirce's descendants established a working farm and also began planting an arboretum which by the mid-1800's contained one of the finest collection of trees in the nation. The area became known as Peirce Park. In 1906, when trees on the land were about to be sold for timber, Pierre Samuel du Pont, chairman of the Dupont Company and General Motors Corporation, purchased the property. Throughout his life, du Pont continued to develop the property and welcome the public to share in its beauty. Mr. du Pont maintained a summer retreat on the property. When du Pont died in 1954 he left the Gardens "for the sole use of the public for the purposes of exhibition, instruction, education and enjoyment."

Today, the gardens are run by Longwood Gardens Inc., a not-for-profit organization which receives no government funding. The primary funding for the upkeep of the Gardens still comes from Pierre du Pont's endowment as well as from admission income and sale of merchandise. Longwood Gardens today consists of 1,050 acres of gardens, woodlands and meadows; 20 outdoor gardens, 20 indoor gardens and numerous fountains. The signature Main Fountain Garden reopened May 27, 2017, after having undergone a $90 million revitalization which broke ground mid-October 2014. ***"New Heights: The Fountain Revitalization Project"*** replaced the 83-year-old fountains' infrastructure with the latest technology, improved guest access to the Garden, and added innovative new elements while honoring the visionary original design by Longwood Gardens founder Pierre S. du Pont.

Longwood maintains numerous educational programs and is well known for producing some of the best-trained experts in horticulture in the world. Throughout the year, numerous arts and entertainment events are held in the Gardens.

OVER 1,077 ACRES OF GARDENS, WOODLANDS AND MEADOWS; 20 OUTDOOR GARDENS, 20 INDOOR GARDENS, NUMEROUS FOUNTAINS INCLUDING THE MAIN FOUNTAIN GARDEN NEAR THE CONSERVATORY.

THE GARDENS HAVE ATTRACTED MORE THAN 1 MILLION VISITORS A YEAR SINCE 2012.

WHY VISIT

In the tranquil oasis of Longwood Gardens, visitors stroll along paths that wind through acres and acres of exquisitely maintained grounds. A new vista presents itself at each turn: the Italian Water Garden, Flower Garden Walk, aquatic display gardens and many others, including through Peirce's Woods, a collection of eight outdoor "rooms" of distinct woodland habitats. Throughout the garden, you can expect to see various forms of wildlife including deer, butterflies, birds, beavers, bees and more, as you stroll across bridges stretching over numerous water sources on the grounds.

Meadow Garden, in particular, features an elevated board-walk, which takes 15-minutes to cross and presents unique views of the landscape and the flora and fauna that inhabit the space. Inside the Conservatory, guests find a lush world of exotic flowers, cacti, bromeliads, ferns and bonsai.

Each season brings a different pleasure: spring features magnolias and azaleas; in summer, roses and water lilies; the fall brings foliage and chrysanthemums; while winter begets camellias, orchids and palms.

MUST SEE

Surrounded by tree-covered seating and Longwood's famous fountains, the Indoor Children's Garden provides a safe and engaging space where children can learn about nature with amazing plants and fun activities around every corner. The Garden features a Central Cove, a Rain Pavilion and a Bamboo Maze, filled with a jungle of tree-sized bamboos for children to explore.

EVENTS & MORE

The Gardens truly shine during the end-of-year holidays, when seasonal plants adorn the grounds, fountain waters dance to Christmas tunes and the gardens glow bright with 500,000 twinkly lights spread throughout 124 decorated trees. Timed admission tickets are required in order to view this dazzling display.

FOR MORE INFORMATION PLEASE VISIT:
longwoodgardens.org

Explore an interactive map of the Gardens at:
longwoodgardens.org/maps/summer

Discover more about the revitalization at:
newheights.longwoodgardens.org

SOURCES: tripsavvy.com/longwood-gardens-kennett-square-2664666
visitphilly.com/things-to-do/attractions/longwood-gardens/

The Columbia Orchestra
Your Community's Music

Summer Pops Concert

FOR THE SECOND YEAR IN A ROW, BWFA WAS PROUD TO SPONSOR A COLUMBIA ORCHESTRA CONCERT AT THE CHRYSALIS. IT WAS A GLORIOUS EVENING OF MUSIC & FUN!

Stories Worth Sharing

WEEKLY STORIES FROM YOUR LOVED ONES, BOUND IN A BEAUTIFUL KEEPSAKE BOOK.

StoryWorth.

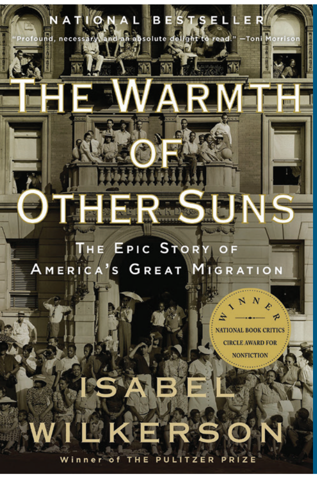
storyworth.com

You probably never knew about your Mom's first crush or the story of your Dad's first dance. **StoryWorth** makes it easy and fun for family members to share stories with loved ones, with weekly emailed story prompts — questions you've never thought to ask. At the end of the year, they'll get the stories bound in a beautiful hardcover book. Strengthen your bond as you get to know them in a whole new way!

HERE'S HOW IT WORKS:

1. **Each week, we send them questions you've never thought to ask.**
2. **They write a story each week, which is shared with you. (They can also record it.)**
3. **A year's worth of stories are bound into a beautiful keepsake book.**

StoryWorth also has a mobile app! *(Available for iPhones and iPads running iOS 9 and above.*



"THE WARMTH OF OTHER SUNS: THE EPIC STORY OF AMERICA'S GREAT MIGRATION"

By: Isabel Wilkerson

BOOK DISCUSSION GROUP GATHERING

September 27, 2018 • 6:00 PM to 8:00 PM at BWFA

***Wine and hors d'oeuvres will be served**

To join the BWFA Book Club and/or to RSVP for the Book Discussion Group:

Email Eve Kennedy at ekennedy@bwfa.com

ABOUT THE BWFA BOOK CLUB

We are always looking for new ways to bring our clients, colleagues and friends together. If you love a good read, this is the club for you! We will select a book each quarter (4 books a year). There is no commitment to read every book in order to become a member. As a member, you can chose to participate with as many books as you'd like during the year. Whether you're local or afar, anyone can join and read along with us. For those that live nearby, there will be a book discussion group gathering at the end of each quarter. We hope you join us, as we discover new adventures through reading.

ABOUT THE BOOK: *"THE WARMTH OF OTHER SUNS: THE EPIC STORY OF AMERICA'S GREAT MIGRATION"*

From 1915 to 1970, this exodus of almost six million people changed the face of America. Wilkerson compares this epic migration to the migrations of other peoples in history. She interviewed more than a thousand people, and gained access to new data and official records, to write this definitive and vividly dramatic account of how these American journeys unfolded, altering our cities, our country, and ourselves.

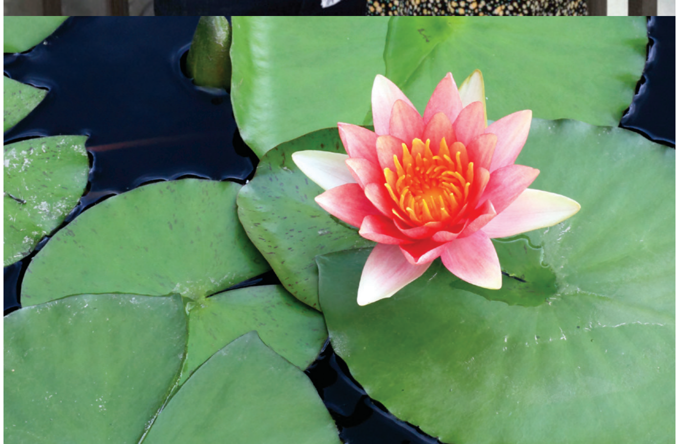
What's Happening at BWFA

BWFA WEDDING BELLS!

BWFA's Senior Client Associate **Tyler Kluge proposed to his college sweetheart, Shayna Kleinberg** on April 28th surrounded by their friends and family.

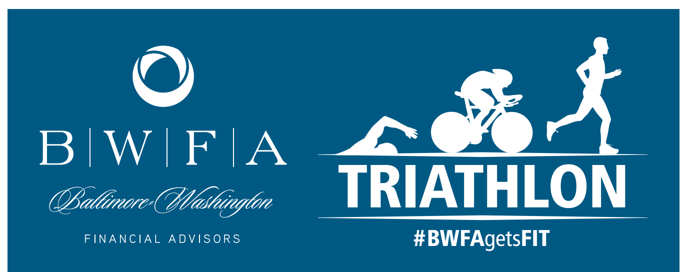
Congratulations

Tyler and Shayna! Best wishes for a life filled with much joy and love!



TAKE YOUR CHILD TO WORK DAY AT BWFA!

We were pleased to welcome future BWFA Advisors Tyler Hornor, Calvin Torbert, Tucker Duncan, Joe Caputo, Jr. and Miriam Manas on April 26, 2018. They all went right to work helping out on multiple projects around the office. **We look forward to having them back next year!**



BWFA GETS FIT!

The BWFA team set a goal to each complete an Ironman Triathlon for the month of May. This consisted of Biking 112 miles, Swimming 2.5 miles/Rowing 5 miles, Running/Walking/Elliptical 26.2 miles. **All team members participated with 9 of us finishing! Way to go team!**

Upcoming Events

Please join us and bring a friend!

July

JULY 10, 2018
11:45 AM - 1:00 PM
Elder Law w/ Elville and Associates

JULY 12, 2018
11:45 AM - 1:00 PM
Business Owner Series Part 2:
Showtime – Selling Your Business
w/ Matthew F. Penater, Esq.

JULY 17, 2018
11:45 AM - 1:00 PM
When a Loved One Passes Away
w/ Gary Greenwald, Esq.

JULY 19, 2018
6:00 PM - 8:00 PM
BWFA Book Club:
"A Man Called Ove"

JULY 24, 2018
11:45 AM - 1:00 PM
Selecting Your State of Residence in Retirement

JULY 31, 2018
11:45 AM - 1:00 PM
Required Minimum Distributions

August

AUGUST 7, 2018
11:45 A.M. – 1:00 P.M.
Roth vs. Traditional IRA

AUGUST 14, 2018
11:45 A.M. – 1:00 P.M.
Selecting a Continuing Care Retirement
Community (CCRC) w/ Elville and Associates

AUGUST 23, 2018
11:45 A.M. – 1:00 P.M.
Top 10 Mistakes Retirees Make

September

SEPTEMBER 6, 2018
11:45 A.M. – 1:00 P.M.
Social Security

SEPTEMBER 11, 2018
11:45 A.M. – 1:00 P.M.
Corporate Trust Services
w/ Elville and Associates

SEPTEMBER 18, 2018
11:45 A.M. – 1:00 P.M.
Making the Most of Medicare

SEPTEMBER 25, 2018
11:45 A.M. – 1:00 P.M.
Required Minimum Distributions

SEPTEMBER 27, 2018
6:00 PM - 8:00 PM
BWFA Book Club: "The Warmth
of Other Suns: The Epic Story of
America's Great Migration"

Check out BWFA.COM
for latest list of seminars.

B | W | F | A

Baltimore-Washington

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