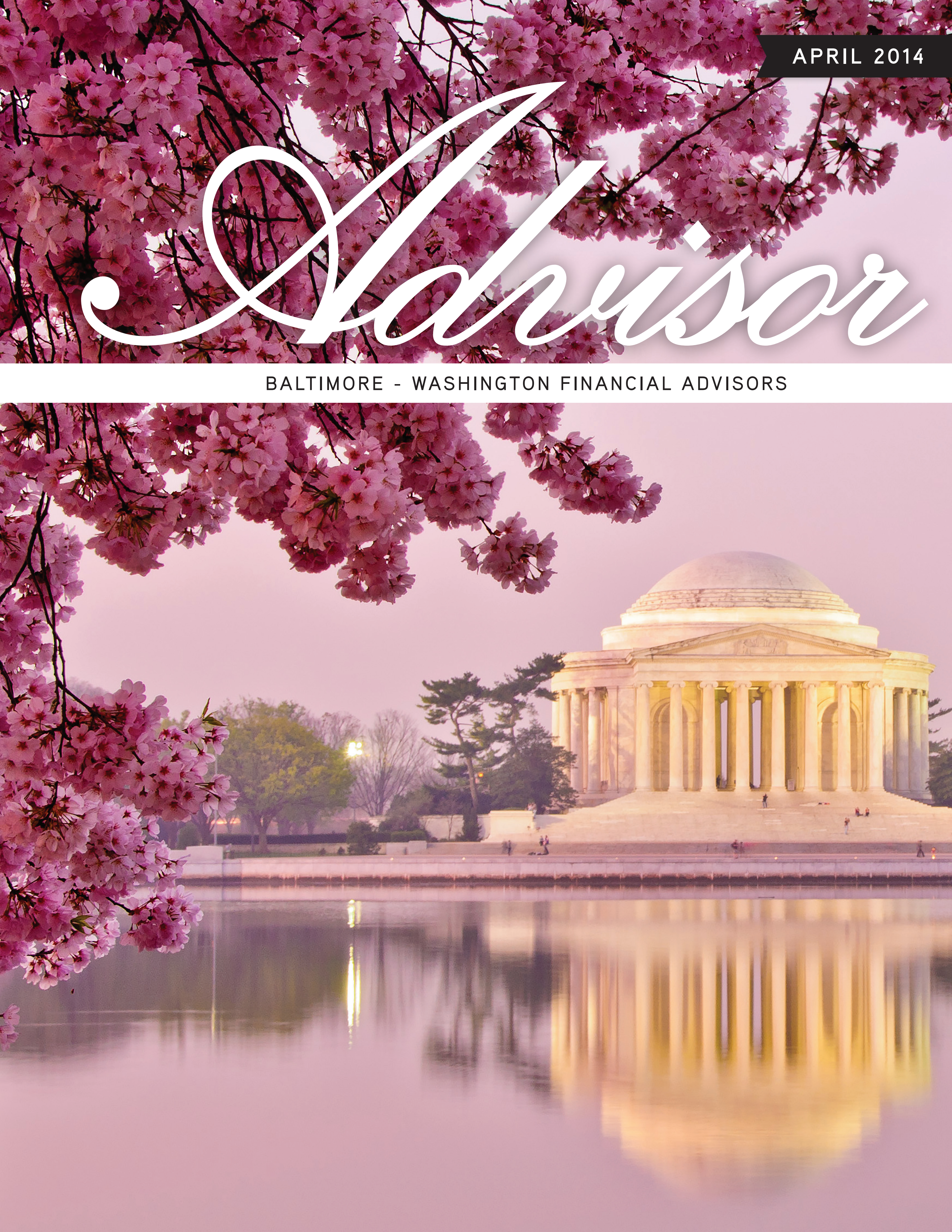
APRIL 2014

Advisor

BALTIMORE - WASHINGTON FINANCIAL ADVISORS



BWFA

President's Address

CLIENT ADVISORY BOARD

ROB CARPENTER | PRESIDENT & CEO

WITHOUT FEEDBACK FROM OUR CLIENTS, IT'S DIFFICULT TO KNOW WHETHER WE ARE LIVING UP TO THEIR EXPECTATIONS. THAT'S WHY, MORE THAN 15 YEARS AGO, WE FORMED THE CLIENT ADVISORY BOARD—A SMALL GROUP OF CLIENTS THAT ADVOCATES ON BEHALF OF ALL OF OUR CLIENTS.

BWFA maintains an active and vibrant Client Advisory Board to stay connected and build trust with our clients. We believe honest feedback from our clients creates a valuable competitive advantage for BWFA. Today, we have more than 25 active advisory board members who meet with us four times per year to lend their opinions and communicate openly on the issues that matter most to clients. Service is often at the heart of these discussions. At BWFA, we've built our reputation on understanding the needs of our clients and delivering a great client experience along the way. Our Client Advisory Board helps make sure we're still on track.

We believe that Client Advisory Board members help both our clients and BWFA's management team in several important ways:

- They are powerful tools for building client relationships.
- They help us gain new perspectives and exchange constructive ideas.
- They help us establish a dialogue, stay connected, and build trust with all of our clients.

When we meet, the topics are often wide ranging and can include discussions of the investment process, the direction and philosophy of the firm, our responsiveness to clients, and technology that will enhance our service. We often introduce new additions to our staff during these meetings as well.

Some beneficial ideas have come out of both Client Advisory Board meetings and from one-on-one client meetings. For example, based on feedback we received at Client Advisory Board meetings, we rebranded our website and our quarterly magazine to better reflect our image and to provide access to the information that is most useful to both current and prospective clients. By listening to honest feedback, we are able to act quickly and provide only the services that are most beneficial to clients.

We greatly value board members' insights and appreciate their support. Feedback we've received from them indicates that they welcome the opportunity to serve as an important resource for our company.

We enjoy getting to know our clients and learning about their families and their lives. Occasionally, we find ourselves meeting with three generations of the same family over the course of the year, giving us valuable insight into the concerns that drive our clients' financial decisions. We cherish our relationships above all, and we are always trying to create the best client experience in the industry.

Members of the Client Advisory Board help shape the firm around our clients' needs. We invite you, too, to be in touch any time with suggestions or insights on how we can improve BWFA's products and services. We value the opinions of all BWFA clients and welcome input that will help shape BWFA's future.

Robert Carpenter

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

APRIL 2014 TABLE OF CONTENTS

Financial Planning

FINANCIAL PLANNING FOR ALL AGES

THAD ISMART
CFP® – FINANCIAL PLANNER

Whether you're 21 and fresh out of college or 81 and deciding if it's time to move to a retirement community, you should always have a working financial plan. Accomplishing long-term financial goals is always challenging. The economic environment is unpredictable, the markets are volatile, and our lifestyles change along with our personal circumstances. Because losing sight of our long-term financial goals is all too easy, having a well-designed financial plan is essential to building financial security.

Let's say you're a 21-year-old, just beginning your professional career. At this stage, it is often difficult to think about retirement—after all, it's more than 40 years away! However, many people who are close to retirement often wish they had started saving for retirement sooner. An 81-year-old considering housing and care options will have more choices if he or she followed some basic steps early on to secure his or her retirement savings.

YOU CAN NEVER SAVE TOO MUCH FOR RETIREMENT, BUT YOU CAN DEFINITELY SAVE TOO LITTLE.

When you begin your professional career, following some basic guidelines to create a "financial blueprint" will help guide you throughout your working years. This blueprint should cover areas such as tax-deferred savings, investments and diversification, taxes, insurance, and basic estate-planning needs.

Once you've established yourself professionally and financially—and when you are still more than five years from retirement—you should begin to focus on maximizing your retirement savings opportunities by establishing your long-term goals and creating a plan to accomplish them. These goals fall within the areas covered in the blueprint you (hopefully!) created when you were younger, but they are more than just guidelines. Your goals should be specific, measurable, assignable, and realistic, and they should include a time frame in which they need to be accomplished. An annual checkup will ensure that you stay on track.

As you get closer to retirement (within five years), you should take a comprehensive look at your financial situation. This is where you begin to make the final preparations for the next stage of your life—retirement! You should take a close look at long-term care insurance needs, life insurance needs, your estate plan, possible changes to your investments, Social Security and pension options, and cash flow needs. Even after you retire, you may go through many changes and face many obstacles, so it is still important to have annual reviews of your financial plan to ensure your financial security.

AT BWFA, WE CREATE FINANCIAL PLANS FOR CLIENTS OF ALL AGES, AT ALL STAGES OF THEIR FINANCIAL LIVES.

FINDING FINANCIAL OPPORTUNITIES ACROSS GENERATIONS

JIM EDWARDS
CFP® – FINANCIAL ADVISOR AND PORTFOLIO MANAGER

We are at interesting generational crossroads these days between the well-to-do "baby boomers," who have large investment accounts, and their children, who have lesser means and are sometimes struggling to find consistent employment.

FOR THE RIGHT FAMILY CIRCUMSTANCES, HOWEVER, THERE ARE STRATEGIES THAT CAN PROVIDE FINANCIAL ADVANTAGES FOR BOTH PARENT AND CHILD ALIKE.

First, in scenarios where children may be unemployed or in a lower income-tax bracket and are struggling with monthly bills, school loans, or other costs, parents could gift some of their appreciated assets, such as stocks or mutual funds. Per the gift rules, each parent can annually gift up to $14,000 to each child—i.e., $28,000 total per couple to each child—without filing a gift-tax return. For children whose income is less than $36,900 ($73,800 for married couples), the sale of the assets would be completely free of taxation this year, because the lowest two tax brackets have a 0% capital-gains rate. The children could either sell the asset and use it at their discretion or use it toward longer-term goals such as a home purchase. In other situations, that gift could be an income-producing stock or bond that would provide dividends and interest to the child—which, again, would be taxed at the child's likely lower rate.

BY TRANSFERRING A PARENT'S POTENTIALLY HIGH-TAX INVESTMENT TO LOWER-TAX-BRACKET CHILDREN, PARENTS REDUCE THEIR TAXABLE INTEREST INCOME AND SUBSEQUENT INCOME TAXES.

This effectively shifts income from a higher tax bracket to a lower one, reducing the overall tax liability, while still keeping it in the family.

Finally, if there is one financial need that often gets the attention of a parent or grandparent, it is helping their child or grandchild with college funding. Upon turning 18, children could accept a gift into their own personal brokerage account and then sell that same asset and use it toward tuition purposes—again, with no tax consequences (as long as their income is below the above thresholds). For financial aid purposes, though, this would be considered an asset in the child's name, and this strategy should be considered carefully before making the gift. This strategy is especially effective, though, for parents or grandparents who have a portion of their investments in highly appreciated stock that they are unlikely to ever sell, and that is not necessarily needed as a source of retirement funds.

The advantage to parents in all of these instances is that they have removed an investment from their account that lessens their current or future tax liability, while at the same time, doing something beneficial for their children.

INVESTING FOR YOUNG INDIVIDUALS & FAMILIES

JOE CAPUTO
CHIEF INFORMATION OFFICER AND
ASSOCIATE PORTFOLIO MANAGER

Investing at an early age is now more important than ever. With pensions becoming a thing of the past and uncertainty surrounding the future of Social Security, self-funding your own retirement plan is essential. The right investment plan can better position you to retire comfortably.

BWFA not only helps meet the needs of retirees and pre-retirees, who have already built their retirement nest eggs, but also assists individuals and young families who are just beginning to plan their financial futures. Without the proper investment plan, achieving life's milestones can be difficult or even impossible. **You might be considering how you'll pay for:**

- Your children's college education
- A new home
- A new business
- Your retirement

If you've already figured out how to meet your family's everyday needs, you're ready to establish a sound retirement investment plan and consider how to build personal wealth. Too often, people younger than 35 feel they are not in a position to invest for the future. However, beginning to save for retirement is easier to accomplish if you phase in the savings. **Here are some practical steps to help you:**

- Use systematic savings. We've found that clients have greater success saving if they "pay themselves first." In other words, have your savings automatically deposited into your retirement account from your paycheck, before these potential savings can be spent out in the marketplace.
- Reduce your payroll withholdings on Form W-4 (only if you received a tax refund last year) to free up funds that can then be saved.
- Pay down high-interest-rate credit cards. The interest you are paying to credit card companies could instead be augmenting your savings.
- Review your discretionary spending (dinners out, entertainment, etc.) and decide where you can reduce expenditures.
- Allocate to savings at least a portion of any pay increase, bonus, or unexpected windfall you receive.

BWFA has the knowledge and strategies you need to create your own retirement savings plan and achieve your financial goals. Our Wealth Accumulation platform can provide you with a diversified portfolio that is customized to match your investment objective, risk tolerance, and time horizon. We use low-cost exchange-traded funds (ETFs) and mutual funds to help you build your wealth in an IRA or in a regular investment account. When the thrill of saving becomes more important than the thrill of spending, you'll know you have begun to walk down the path to successful retirement planning.

AT BWFA, THERE IS NO MINIMUM ACCOUNT BALANCE TO START, SO WHY NOT MAKE INVESTING A PRIORITY IN YOUR LIFE TODAY?

Investment Research

LONG-TERM INVESTMENT THEMES

PHILIP WEISS
CFA, CPA – CHIEF INVESTMENT ANALYST

When selecting stocks for client portfolios, we seek securities that we believe have the potential to generate total annual returns of at least 10 percent to 15 percent over a three-to-five-year period. When taking a long-term approach, it is important to try to identify broad economic and environmental trends instead of focusing on the current market environment.

As part of our research process, we spend time gaining an understanding of broad themes that we think could have a more lasting impact on businesses. It is also important to gain insight into the market potential associated with such themes. We then look to identify attractively valued companies that we believe are well-positioned to take advantage of these trends.

The following are three trends from which we believe companies can benefit and that might lead to long-term gains:

~ The shift of retail businesses from brick and mortar to online;

~ The continued shift away from PCs toward mobile devices; and

~ Increased U.S. production of oil and natural gas.

THE SHIFT OF RETAIL BUSINESSES FROM BRICK AND MORTAR TO ONLINE

A long-term change in shopper habits has reduced in-store traffic—perhaps permanently—and shifted pricing power away from malls and big-box retailers. In the most recent holiday season, the National Retail Federation estimated that online and other non-store sales grew 9.3 percent, well ahead of overall growth of 3.8 percent.

According to *The Wall Street Journal*, measured in-store traffic in November and December 2013 was around half the level seen during the same period in 2010—a time when the economy was in a much more fragile state.

In order for a retail store to do well in this environment, it has to have a strong online presence. In today's world, consumers face ever-increasing demands on their time. It is typically a lot easier and cheaper to purchase goods online, particularly if shipping is free and if it is relatively easy to return unwanted goods. Shoppers don't seem to be using physical stores to browse as much as they used to either. Instead, they seem to be figuring out what they want online.

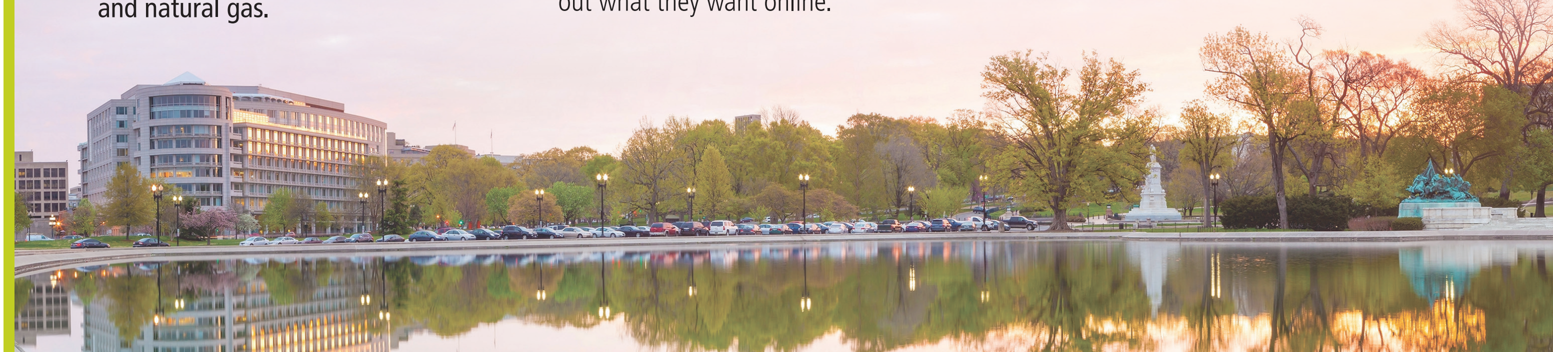
From an investment perspective, these changes in shopping habits can make investments in traditional retailers less desirable. At the same time, they can make those businesses that cater to online customers more attractive.

THE CONTINUED SHIFT AWAY FROM PCs TOWARD MOBILE DEVICES

The personal computer market is shrinking. Sales of traditional PCs declined meaningfully in 2013, while tablet shipments surged. Gartner Research expects tablet sales to grow even more in 2014, narrowing the margin between tablet and PC shipments from about 120 million in 2013 to just over 18 million units.

While growth in mobile phone shipments is slowing, consumers are using mobile devices in their everyday lives more and more.

Companies that market components that are integral to the production of mobile devices have achieved meaningful growth as a result of this trend, but



there should be more growth ahead. This change in consumer preferences is also affecting industry leadership—the landscape is changing. Companies that are best positioned to take advantage of changing consumer preferences and lifestyles should also benefit.

INCREASED U.S. PRODUCTION OF OIL AND NATURAL GAS

In the summer of 2008, prices for both crude oil and natural gas spiked to all-time record levels only to plummet during the onset of the Great Recession. While oil prices have come within roughly 80 percent of their peak, natural gas prices have not even approached 50 percent of their record highs. The deep recession that came shortly after prices surged is at least partly to blame. However, record prices also roughly coincided with the start of a "renaissance" in the U.S. oil and gas industry, when oil and gas producers were in the early stages of finding significant sources of new oil and gas reserves in the U.S.

In the 1990s, operators began using different drilling techniques and equipment. Over the last five to ten years, many new oil and natural gas fields have been discovered that can be drilled economically by using "unconventional" drilling techniques. This has allowed operators to produce meaningful volumes of oil and natural gas from fields such as the Bakken Shale (North Dakota), the Marcellus Shale (Northeast U.S.) and the Eagle Ford Shale (Texas).

As a result, U.S. production of crude oil, natural gas liquids and natural gas has far surpassed expectations of just a few years ago. Stronger-than-anticipated production has helped keep prices lower than many expected, benefiting many U.S. businesses. The availability of low-priced feedstocks has aided the competitive position of U.S.-based chemical companies and refiners. It is also helping the operations of companies that manage the transportation and logistics of moving oil and natural gas from one location to another.

Summary

The market moves higher or lower every day. Many times, the day-to-day movement is reflective of short-term changes in sentiment that have little lasting impact. While we are aware of current events, we are looking for investments that will add long-term value to client portfolios. We believe it is important to identify long-term themes such as those discussed above as part of our investment process. As a result, we focus a portion of our research process on identifying companies that are well-positioned to capitalize on such themes.

Investment Management

MARKET TIMING IS A LOSING BET

ROB WILLIAMS
CFP®, MSF – CHIEF INVESTMENT OFFICER

Market timers believe they can earn superior investment returns by identifying the best time to buy and sell stocks based on their analysis of economic and market indicators. Market timers make bets that they can consistently predict either the continuation or the end of a market trend. Their decisions are based only on which direction they think the market will move and not on any judgment of an asset's fundamental value.

If they can time the market effectively, the result may be extraordinary. Ideally, their performance would reflect most of the positive returns of the market, while avoiding the downside risks of volatile investments like stocks. The concept sounds simple, but in reality it is extremely difficult. Success requires an ability to predict market fluctuations over the short term, a skill that very few have been able to demonstrate over time.

At a glance, one might think a market timer could out-perform the stock market by making accurate predictions more than 50 percent of the time. However, studies have shown that is not the case. In 1975, Nobel laureate and finance professor William Sharpe published a study titled "Likely Gains from Market Timing." He concluded that a market timer would have to make the right call 74 percent of the time in order to equal the performance of a passive buy-and-hold strategy. His analysis did not even include the additional costs of trading and taxes that would result from a market-timing strategy. Subsequent studies arrived at similar conclusions. The market timer must have a very high success rate in order to be profitable. This is because when he is incorrect, his portfolio is left holding cash; and in a rising market, the returns on cash are much lower than those generated by stocks.

In a recent study, CXO Advisory Group tracked and graded the predictions of 68 professional forecasters from 2005 through 2012, collecting 6,582 U.S. stock market forecasts. Their study showed that the experts made correct forecasts only 47.4 percent of the time. Even the best forecaster was right less than 70 percent of the time. There are many reasons this study may not provide the full story, but the results show that these professional forecasters do not begin to approach the required 74% success rate noted above. Most professional investors concede that forecasting the economy and financial markets is extremely difficult over the long term and next to impossible over the short term. Even the chairman of the Federal Reserve, the leader of the most influential central bank in the world, admits that uncertainty is an inherent part of the job.

On the spectrum of approaches to investing, a long-term, fundamentals-based approach is at the opposite end of the spectrum from a market-timing approach. Value investing is the most straightforward approach to long-term investing. Benjamin Graham, often considered the father of value investing, once said,

> **"IF I HAVE NOTICED ANYTHING OVER THESE 60 YEARS ON WALL STREET, IT IS THAT PEOPLE DO NOT SUCCEED IN FORECASTING WHAT'S GOING TO HAPPEN TO THE STOCK MARKET."**

While the odds are against market timers, there may be times when they achieve short-term success. Anyone can win a few rounds at a slot machine in Las Vegas, and a few will even win substantial amounts of money. In addition, stories about lucky investors or successful investment newsletters are more widely shared than stories about failure, romanticizing the notion of success. However, it is important to remember that the odds of successfully predicting the stock market's short-term gyrations are extremely low.

BWFA does not ignore the economy and the market when making investment decisions. These factors are clearly relevant, even though they may be difficult to use effectively. We focus our investment efforts on selecting the best securities to hold in our client accounts for the long term. This strategy has two advantages if applied successfully: (1) Brokerage fee expenses and taxes are minimized, and (2) Downside exposure (the amount you could lose in a falling market) is lower because of the care taken in identifying fundamental value.

Favoring Mr. Graham's approach to value investing, we recognize our limits in anticipating the market's short-term performance and concentrate our efforts on selecting the best stocks for the long run.

Mergers & Acquisitions

STRATEGIC FIT IN MERGERS & ACQUISITIONS

KAVITA VERMA
LLM – MANAGING DIRECTOR OF
M&A AND STRATEGIC ALLIANCES

A strategic fit is defined as "a situation that occurs when a specific project, target company, or product is seen as appropriate with respect to an organization's overall objectives." Most executives seeking to expand their company through a merger or acquisition will look for another company that makes a good strategic fit with their own.

There are many reasons companies might merge. For example, they might want to expand geographically or gain a competitive advantage with improved financial performance through enhancing revenue and lowering costs. Typically, an acquisition creates substantial shareholder value through cost-structure improvements and access to new growth opportunities. No matter what the reason for teaming up, the fundamental issue for companies to consider is whether there's a strategic reason to merge. Essentially, the merger must create value.

Before you dive down into the different silos of the target company's operations, you should first focus on the vision, the strategy, and the bigger picture of the merger or acquisition.

Much of the early discussion between parties will be focused around how the target's current business strategy fits with yours, whether you have the same definitions of success as they have, what benefits your respective customers will get from the acquisition, and what prospective new customers will become available to you.

Before commitments are made, it is critical to thoroughly understand the business and management style of the target company in order to determine if long-term goals are compatible and if the merger is a good fit. It is important not only to look at financial records and to understand the product, but also to closely examine the corporate culture and human factor of the business—they can make or break a partnership. Skipping any part of the process can be detrimental to a successful outcome.

HERE ARE SOME FACTORS TO CONSIDER WHEN LOOKING AT STRATEGIC FIT:

Management team. Get background on the management team. Look for one that has a strong track record and an aligned vision, and one that is comfortable with change. In many cases, that may be more important than the company's actual product or service.

Customer relationships. Understand customer relationships. During the due diligence phase, experts will look at historical records, analyze contracts (if applicable), and gain an understanding of customer accounts and relationships to help analyze future trends.

Corporate mission. Look at the strategic purpose of the acquisition and the core competencies of each business. While you may find an instant connection with a target company, understanding corporate goals and alignment, as well as the extent to which the CEO and management team are respected by their peers, is invaluable when considering strategic fit. Compatibility, long-term vision, trust, and similar corporate goals are important considerations in any acquisition. Taken together, all these core components make for a solid team and result in a strategic fit.

Align the organizational structure, objectives, and administrative arrangements. Most organization failures are attributed to bad execution. Accordingly, after clearly articulating the new mission statement for the combined companies, the company's next step is to begin adjusting all organizational arrangements to ensure that there is a direct connection between the new mission statement and the key metrics and behavioral elements of the management systems. Without this alignment and consistency among the administrative arrangements and the company's strategy, gaps will eventually emerge that will undermine the success of the new company.

You won't always find the magic of strategic fit. Perfect chemistry in every deal is not a realistic expectation. While it is nice to have, it is not necessary to close the deal and may not be the deciding factor for the long-term success of any business. If chemistry is not there, don't try to force it. Instead, focus on the other positive aspects of the connection and partnership, or move on. Agility, track record, and adaptability are also important considerations when looking at strategic fit.

Mergers and acquisitions are great ways to grow a business, add capabilities to your portfolio, or enter new markets. Strategy is key to understanding where a merger or acquisition fits into the big picture. BWFA helps business leaders think about the strategic fit of mergers and acquisitions, and then helps clients determine the best way to integrate business models to achieve success. BWFA's Mergers and Acquisitions team can then put your plan in place and contact your merger and acquisition targets. Our team will guide you through the entire merger or acquisition process to ensure a positive outcome.

Tax Services

TAX SEASON ENDS AND TAX PLANNING BEGINS

BEN DORSEY
CPA, CFP®, MST –
DIRECTOR OF TAX SERVICES

Most tax professionals breathe a sigh of relief after tax returns are filed and tax season ends. Many seasoned tax professionals see April 16 as an opportunity to take an industry-sanctioned holiday and recharge their batteries at the tropical venue of their choice. However, for BWFA tax professionals, the end of one tax season marks the beginning of planning for the next. Now is the time we can work with clients to assess ways to maximize contributions to tax-advantaged accounts. Alternatively, we can evaluate if it is appropriate to accelerate future income into the current period to take advantage of unusual circumstances.

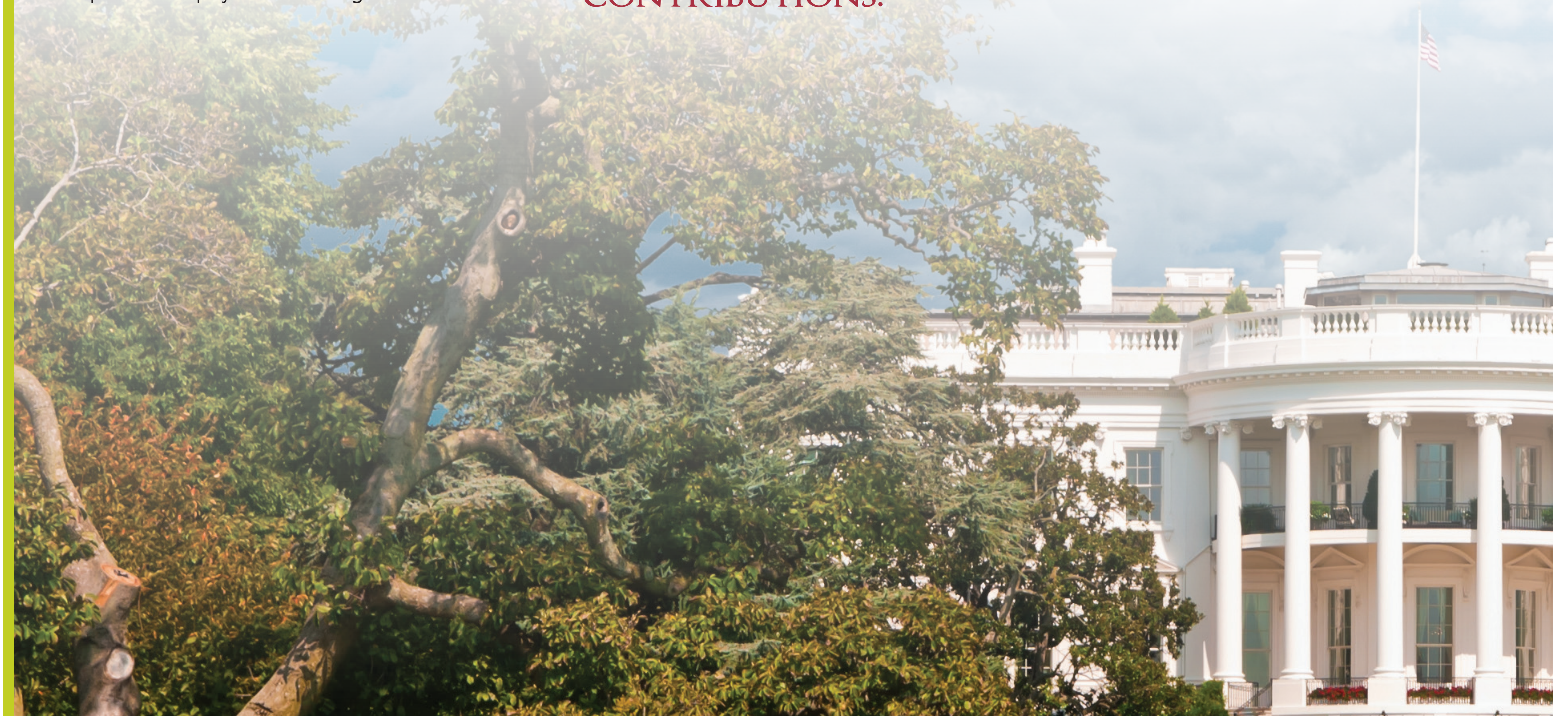
Every year brings new changes and new challenges as well as new planning opportunities. Legislative changes enacted in January 2013 created a system that has impacted taxpayers in the highest brackets and also created a means of imposing additional taxes on investment income. At the same time, certain deductions may be limited. While the results may be subtle, the potential still exists to take advantage of untapped planning strategies.

Potential opportunities exist in tax-deferred investment vehicles, but where will the money come from?

WE PREACH THE OLD ADAGE OF "PAY YOURSELF FIRST," OFTEN BEST ACHIEVED BY IMPLEMENTING A SAVINGS PLAN WITH AUTOMATIC AND ONGOING CONTRIBUTIONS."

Alternatively, you may find yourself relieved of a large financial burden as you approach retirement; e.g., paying off the mortgage or watching the last child graduate from college. The savings can be used to accumulate wealth in a tax-deferred investment vehicle, allowing you to reduce your current income-tax bill by your respective tax rate.

The potential to save taxes, limit taxes imposed on investment income, and avoid the phase-out of itemized deductions leads to the "perfect storm" of tax planning. Directing once-spoken-for dollars toward maximizing retirement plan contributions is one of the best chances clients have to accumulate additional wealth. This can help ensure they face a long and prosperous retirement. It can also defer payment of the related tax bill until age 70½ or later.



While it is a good rule of thumb to save taxes today, there are times it may be beneficial to accelerate income recognition and the related taxes. As the country continues to recover from the "Great Recession," many taxpayers find themselves working in a reduced role. The potential exists to capitalize on the short-term lower tax brackets that accompany the reduced income. If you were fortunate enough to have built a comfortable nest egg of tax-deferred retirement dollars, this might be the time to convert some of these funds into Roth accounts.

From a tax perspective, Roth IRAs serve the opposite purpose of traditional IRAs and 401(k)s. While traditional 401(k)s and IRAs allow you to delay the tax related to contributions made to such plans, Roth IRAs provide no immediate tax benefit. However, they do allow tax-free growth during your lifetime. In addition, distributions after 59½ are also free from tax. Roth accounts are generally funded with annual contributions in the same manner as traditional retirement plan accounts. The IRS will also allow taxpayers to convert traditional retirement funds to a Roth account if the taxpayer includes the converted amount in gross income in the year of conversion.

The proper financial plan might shed light on the fact that your projected tax brackets in retirement may, in fact, be higher than your pre-retirement tax brackets. This is more likely if a reduction to part-time employment is expected. While clients do not typically enjoy writing checks to the IRS, the short-term pain from doing so can greatly impact the net after-tax dollars received from traditional retirement funds. In the past, some taxpayers who were willing to pay taxes resulting from a conversion were ineligible to do so, as Roth conversions were only available to individuals with adjusted gross incomes (AGI) less than $100,000. This rule was abolished in 2010. The current tax law allows all taxpayers to take advantage of the conversion option without AGI limitation.

Regardless of the tax-planning strategy, the identification and communication of the opportunities and subsequent execution will ultimately impact the dollars that make it into the bank.

At the end of the day, it is not what you make, but what you bring home that matters.

What's Happening at BWFA

OUR FAMILY CONTINUES TO GROW

MEGHAN MANAS
OFFICE MANAGER

AT BWFA, WE STRIVE TO PROVIDE THE BEST POSSIBLE CUSTOMER SERVICE FOR OUR CLIENTS. WITH THAT GOAL IN MIND, AND TO KEEP UP WITH THE NEEDS OF OUR GROWING CLIENT BASE, BWFA IS PLEASED TO WELCOME OUR TWO NEWEST STAFF MEMBERS:

BENJAMIN DORSEY | CPA, CFP®, MST – Director of Tax Services

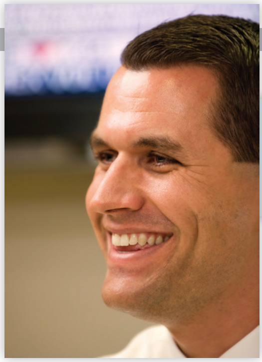
Ben Dorsey joined BWFA in 2013 as Director of Tax Services. Ben has a B.S. in accounting from Towson University and an M.S. in taxation from the University of Baltimore. Ben is a Certified Public Accountant and a CERTIFIED FINANCIAL PLANNER™ professional, and he is a member of the AICPA and the MACPA. Before joining BWFA, Ben worked as a manager of the Family Wealth Services Washington Metro division of McGladrey LLP, the fifth-largest accounting firm in the U.S.

Ben has more than eight years of experience building close relationships with high-net-worth families while addressing the full range of their financial needs—including personal financial planning, multi-generational wealth transfer, and sophisticated tax- and estate-planning strategies—in addition to representing individuals, businesses, and estates before the IRS. Ben attends and participates in periodic client family meetings, which are used to review the family's assets and cash flow, minimize income taxes, maximize planning opportunities, and evaluate relevant legislative and judicial changes that might impact the family. Ben enjoys working with multiple generations of high-net-worth families and educating them about the challenges and opportunities of wealth.

Ben is a lifelong Maryland resident and currently resides in Clarksburg with his wife.

ALLISON GOWALLIS | MS – Executive Assistant

Allison joined the BWFA team in December 2013 as an Executive Assistant. She has an M.S. in social science from Towson University and a B.A. in political science, with a concentration in Middle East studies, from the University of Maryland. In the past, Allison has interned for a terrorism research consortium and the Department of Homeland Security. Allison has intermediate proficiency in reading and writing Arabic and welcomes opportunities to practice. She also enjoys baking – a talent that has not gone unnoticed by fellow BWFA staff members!



EMPLOYEE SPOTLIGHT: CHRIS KELLY

CHRIS KELLY
CPA, CFP®, M.Accy – FINANCIAL ADVISOR & PORTFOLIO MANAGER

Q. TELL US A BIT ABOUT YOURSELF. WHERE DID YOU GROW UP?

A. Born and raised in Cumberland, MD.

Q. WHEN DID YOU FIRST KNOW YOU WANTED TO WORK AS A PORTFOLIO MANAGER?

A. In high school, while taking an investment course—*The Wall Street Journal* became my new best friend.

Q. WHAT DO YOU LIKE BEST ABOUT WORKING AT BWFA?

A. My clients and my colleagues.

Q. WHAT WOULD OUR CLIENTS BE SURPRISED TO KNOW ABOUT YOU?

A. My wife and I first began dating at the beginning of our sophomore year of high school, and we just celebrated our 17th wedding anniversary.

Q. WHAT IS YOUR FAVORITE BWFA MEMORY?

A. The day I accepted the position—I knew I joined a special place, where great things could happen.

Congratulations TO THAD ISMART

for earning the designation of NAPFA-Registered Financial Advisor. The National Association of Personal Financial Advisors (NAPFA) is the country's leading professional association of Fee-Only financial advisors – highly trained professionals who are committed to working in clients' best interests.

BWFA SUMMER HOURS

9:00 a.m. – 5:00 p.m.
Monday – Friday
In effect from Memorial Day to Labor Day. Offices closed for federal and NYSE holidays.

NATIONAL FINANCIAL LITERACY MONTH

is recognized in April to highlight the importance of financial literacy and to teach Americans how to establish and maintain healthy financial habits. With tax season also coming to a close, this might be a good time for you to schedule a complimentary initial consultation with a BWFA advisor. We can help you make sure that your finances are in order for the coming year—and beyond. Call our office to schedule an appointment.

Community Foundation of Howard County

CHARITABLE GIVING ACCOUNTS MAKE GIVING EASY

DEBBIE DASKALOFF
DEVELOPMENT OFFICER, COMMUNITY FOUNDATION OF HOWARD COUNTY

Baltimore-Washington Financial Advisors is pleased to partner with the Community Foundation of Howard County to offer our clients the ability to participate in Donor-Advised Funds.

The Community Foundation of Howard County is a non-profit organization that strives to improve the quality of life in Howard County. It promotes and facilitates local philanthropy and provides coordinated endowment and grant making services that connects donors' passions with the community needs, both now and in the future.

Giving away money should be easy, but even a casual giver knows it's not always as easy as it seems. Certainly, writing checks to support your favorite causes isn't difficult, but when tax season rolls around and the piles of charitable tax receipts become unwieldy, all that good you did during the past year might make your head spin.

Add to that the complexities that come with life's transition phases—perhaps you're selling a business, you received an inheritance or you're nearing retirement. Including charitable giving in your financial plans at these stages might make sense, but ensuring your gifts receive the full tax benefits can be challenging.

SIMPLIFY YOUR GIVING WITH A CHARITABLE GIVING ACCOUNT

One of the easiest ways to avoid the headache is to organize your giving through a charitable giving account, also known as a donor-advised fund. Most of us have separate accounts for money we want to use for specific purposes—checking accounts, 401(k) retirement accounts and 529 college savings accounts—so it's natural we would have a separate account for our charitable giving as well.

A CHARITABLE GIVING ACCOUNT IS AN ATTRACTIVE ALTERNATIVE TO A PRIVATE FOUNDATION, OFFERING MORE FLEXIBILITY, CONFIDENTIALITY AND MAXIMUM TAX BENEFITS.

A charitable giving account is an attractive alternative to a private foundation, offering more flexibility, confidentiality and maximum tax benefits. They are quick and easy to establish as well as inexpensive to maintain. You can donate cash, stock or other hard-to-value assets, such as real estate, closely held business interests or life insurance policies. Because the account is administered by a public charity, your gift into the account is tax deductible, but you can take your time deciding where and when to give your charitable dollars. There's no distribution requirement, so you can grant as little or as much as you wish. You also can leave a legacy of generosity by naming successors who can advise the account after your lifetime.

GROW YOUR CHARITABLE DOLLARS

The money in the account is invested, allowing the charitable dollars to grow tax-free over time. As an added bonus, those who choose to establish accounts at the Community Foundation of Howard County can elect to have their trusted financial advisors manage the assets.

GRANT WISELY

By choosing to work with your local community foundation, you are connected with a mission-based organization that understands the needs of the Howard County community and can help you become a more educated giver. Giving wisely can be difficult, but it is extremely satisfying work. Effective and meaningful giving does not require great wealth or enormous funding initiatives—just thoughtfulness and planning.

At BWFA we strive to give back to the community. By partnering with the Community Foundation of Howard County we can help meet the needs of our community now and in the future. For more information on establishing a charitable giving account, contact **ROB CARPENTER, President of BWFA at 410-461-3900 or emailus@bwfa.com**.

Baltimore-Washington

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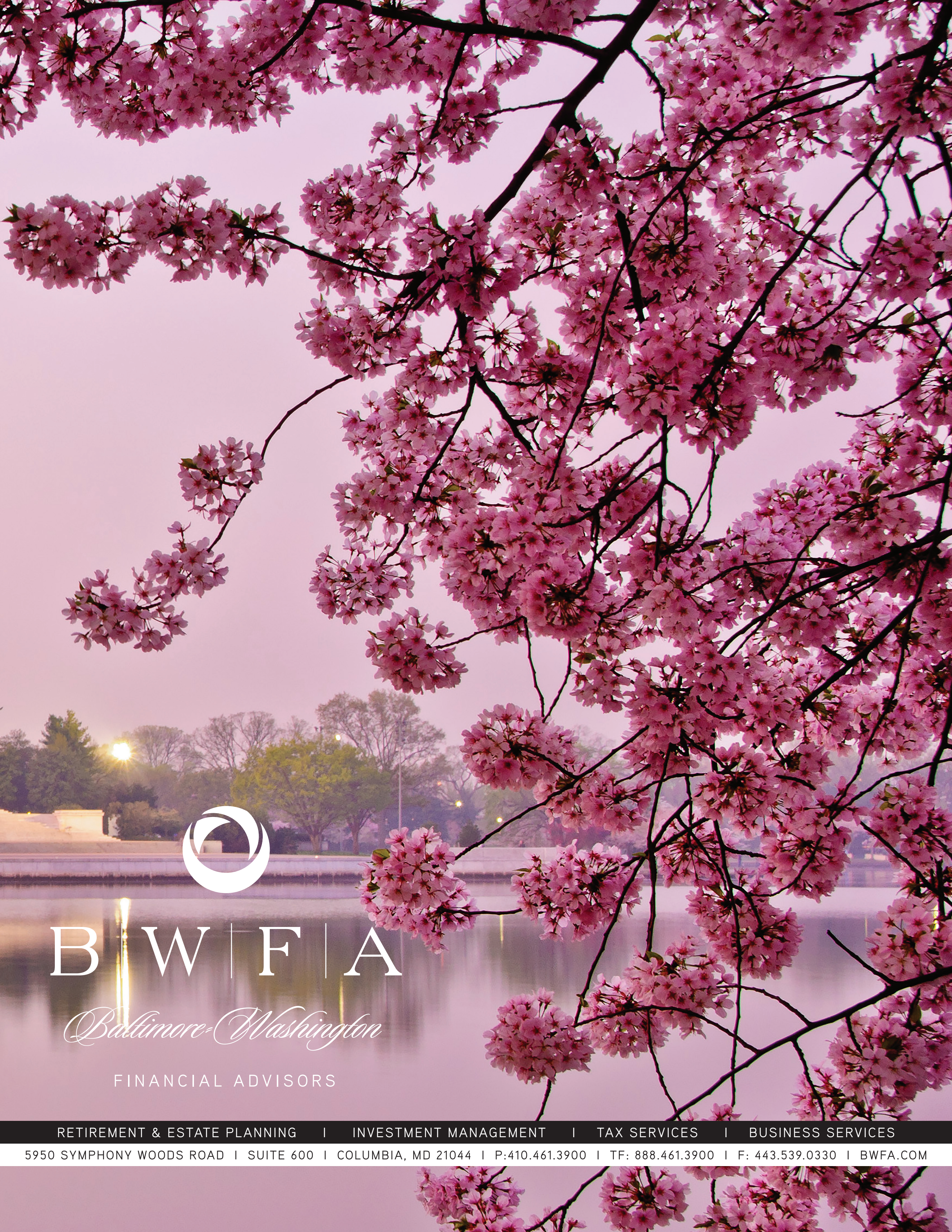
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