Advisor

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Today's investment landscape is more complex than it has ever been. Increasingly, it takes a team of dedicated experts to effectively manage your money, and more and more people are realizing the value of working with a fee-only investment advisor such as BWFA.

Baltimore-Washington Financial Advisors, Inc. was founded in 1986 and is headquartered in Columbia, Maryland. BWFA is among the largest and oldest independent, Fee-Only financial advisory firms in the Baltimore/Washington metropolitan area. BWFA acts as a fiduciary and serves clients throughout the Mid-Atlantic area and nationally.

BWFA is recognized as a top firm in the industry, with appearances in *Forbes, Fortune,* and *Baltimore* magazine. BWFA professionals are quoted in the *Wall Street Journal, Business Week, Washington Post,* and *InvestmentNews*. BWFA is honored to have earned numerous accolades over the years, among them: the *Financial Times* FT 300 Award for seven years in a row, *Howard Magazine's* "Best of Howard" Award for seven years in a row, recognized as a *Forbes* Leading Financial Advisor in the Mid-Atlantic, featured as a "Leader in Finance" in *Baltimore Magazine*, and listed as one of the "Best Financial Advisor Firms in Maryland" by *investor.com*.

We invite you to experience the excellence that has built our reputation as a leading Registered Investment Advisor in the industry. Contact us today at BWFA.com to schedule your complimentary consultation.

Do you know someone who needs guidance with their wealth management?

Maybe you know someone who is retired, nearing retirement, or saving for 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: The Cordillera Huayhuash mountain range in the Peruvian Andes.

January 2022

President's Address

TRANSITIONING INTO RETIREMENT CAN BE A GOOD THING

ROBERT G. CARPENTER
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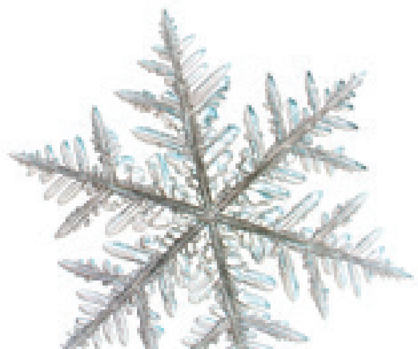
If you're considering retirement within the next five years or so, you're in the retirement "zone." This is a critical time period during which you'll be faced with a number of important choices, and the decisions you make can have long-lasting consequences.

THE RETIREMENT "ZONE"

It's a period of transition: a shift from a mindset that's focused on accumulating assets for retirement to one that's focused on distributing wealth and drawing down resources. It can be confusing and chaotic, but it doesn't have to be. The key is to understand the underlying issues, and to recognize the long-term effects of the decisions you make today. BWFA can help with these decisions.

TIP: If you've recently retired, you're also in the retirement zone. You'll want to evaluate your financial situation in light of the decisions that you've already made, and consider adjusting your overall plan to reflect your current expectations and circumstances.



ARE YOU READY TO RETIRE?

The first question that you should ask yourself is: "Am I ready to retire?" For many, the question isn't as easy to answer as it might seem. That's because it needs to be considered on two levels. The first, and probably the most obvious, is the financial side. Can you afford to retire? More specifically, can you afford the retirement you want? On another level, though, the question relates to the emotional issues surrounding retirement — how prepared are you for this new phase of your life? Consider both the financial and emotional aspects of retirement carefully; retiring before you're ready can put a strain on the best-devised retirement plan.

TIP: There's not always a "right" time to retire. There can be, though, a wrong time to retire. If you're not emotionally ready to retire, it may not make sense to do so simply because you've reached age 62 (or 65, or 70).

In fact, postponing retirement can pay dividends on the financial side of the equation. Similarly, if you're emotionally ready to retire, but come up short financially, consider whether your plans for retirement are realistic. Evaluate how much of a difference postponing retirement could make, and then weigh your options.

TRANSITIONING INTO RETIREMENT: FINANCIAL ISSUES

Start with the basics:

- **If you do not already have a projection of the annual income you'll need in retirement, spend the time now to develop one.** Factor in anticipated costs relating to basic needs, housing, health care, and long-term care. If you plan to travel in retirement, estimate a corresponding annual dollar amount.

If you're financially responsible for other family members, or plan to make monetary gifts, you'll want to include these commitments in your calculations. Be as specific as you can. If it's been more than a year since you've done this exercise, revisit your numbers. Consider and account for inflation.

- **Estimate the income that you'll be able to rely on from Social Security** and any benefits from a traditional employer pension, and compare the result with your projected retirement income need. The difference may need to be funded through your personal savings.
- **Take stock of your personal savings.** Are your personal savings sufficient to provide you with the annual income that you'll need?
- **When will you retire?** The age at which you retire can have an enormous impact on your overall retirement income situation, so you'll want to make sure you've considered your decision from every angle. Why does the timing of your retirement make such a difference? The earlier you retire, the sooner you need to start drawing on your retirement savings. You're also giving up what could be prime earning years, when you could be making substantial additions to your retirement savings. That combination, even for just a few years, can make a tremendous difference.

The first question that you should ask yourself is: "Am I ready to retire?" For many, the question isn't as easy to answer as it might seem. That's because it needs to be considered on two levels. The first, and probably the most obvious, is the financial side. Can you afford to retire? More specifically, can you afford the retirement you want?

(CONTINUE READING ON PAGE 5)

(CONT'D FROM PAGE 3) Transitioning Into Retirement Can Be A Good Thing

OTHER FACTORS TO CONSIDER:

- **The longer the retirement period that you need to plan for, the greater the potential that inflation will eat away at your purchasing power.** That means the earlier you retire, the more important it is to account for inflation in your overall plan.
- **You can begin receiving Social Security retirement benefits as early as age 62.** However, your benefit may be as much as 25% to 30% less than if you waited until full retirement age (66 to 67, depending on the year you were born). Weigh your options, and choose the start date that makes the most sense for your individual financial circumstances.
- **If you're covered by a traditional employer pension plan, check to make sure it won't be negatively affected by your early retirement.** Because the greatest accrual of benefits generally occurs during the final years of employment, it's possible that early retirement could effectively reduce the benefits you receive. Make sure that you understand how the plan calculates benefits and any payout options under the plan.
- **If you plan to start using your 401(k) or traditional IRA savings before you turn 59½ [55 in the case of distributions from a 401(k) plan after you terminate employment], you may have to pay a 10% early distribution penalty tax in addition to any regular income taxes (with some exceptions, this includes payments made due to disability).** Consider as well the order in which you'll tap your personal savings during retirement. For example, you might consider withdrawing from tax-advantaged accounts like IRAs and 401(k)s last. If you postpone retirement beyond age 72 (age 70½ if reached before January 1, 2020), you'll need to begin taking required minimum distributions from any traditional IRAs and employer-sponsored retirement plans (other than your current employer's retirement plan), even if you do not need the funds.
- **You're not eligible for Medicare until you turn 65.** Unless you'll be eligible for retiree health benefits through your employer (or have coverage through your spouse's plan), or you take another job that offers health insurance, you'll need to calculate the cost of paying for insurance or health care out-of-pocket, at least until you can receive Medicare coverage.

> You can begin receiving Social Security retirement benefits as early as age 62. However, your benefit may be as much as 25% to 30% less than if you waited until full retirement age (66 to 67, depending on the year you were born).

(CONTINUE READING ON PAGE 6)

TRANSITIONING INTO RETIREMENT: NON-FINANCIAL ISSUES

When it comes to retirement, it's easy to focus on the financial aspects of your decision to the exclusion of all other issues. After all, we've spent much of our lives saving for retirement, and for many of us, the retirement lifestyle we hope to enjoy depends primarily on the wealth that we've accumulated during our working years. But, there are a number of non-financial issues and concerns that are just as important. Fundamentally, your retirement income plan is just a means to an end: having the ability to do the things you want to do in retirement, for as long as you want to do them. But that presupposes that you know what it is you want to do in retirement. Many of us have never thought beyond the vague notion we've held during most of our working lives: that retirement — if properly planned for — will be something of an extended vacation, a reward for a lifetime of hard work. Retirement may be just that … for the first few weeks or months. The fact is, though, that your job likely demanded your attention for a majority of your waking hours. No longer having that job leaves you with a lot of free time to fill. Just as you have a financial plan when it comes to your retirement, you should consider the type of lifestyle you want and expect from retirement as well.

What do you want to do in retirement? Do you intend to travel? Pursue a hobby? Give some real thought to how you're going to spend a typical week, and consider actually writing down a hypothetical schedule. If you haven't already, consider:

- **Volunteering your time** — You can provide a valuable service to the community, while sharing your unique skills and interests. Hospitals, community centers, day-care centers, and tutoring programs are just a few of the places where you could make a difference.
- **Going to school** — Retirement can be the perfect time to pursue a degree, advance your knowledge in your current field or in a new field, or just take classes that interest you. In fact, many institutions offer special rates and programs for retirees.
- **Starting a new career or business** — Retirement can be the perfect opportunity to try something different. If you've ever dreamed of starting your own business, now may be your chance.

Having concrete plans can also help overcome problems commonly experienced by those who transition into retirement without thinking ahead:

- **Loss of identity** — Many people identify themselves by their professions. Affirmation and self-worth may have come from the success that you've had in your career, and giving up that career can be disconcerting on a number of levels.
- **Loss of structure** — Your job provides a certain structure to your life. You may also have work relationships that are important to you. Without something to fill the void, you may find yourself needing to address unmet emotional needs.
- **Fear of mortality** — Rather than a "new beginning," some see the "beginning of the end." This can be exacerbated by the mental shift that accompanies the transition from accumulating assets to drawing down wealth.
- **Marital discord** — If you're married, consider whether your spouse is as ready as you are for you to retire. Does he or she share your ideas of how you want to spend your retirement? Many married couples find the first few years of retirement a period of rough transition. If you haven't discussed your plans with your spouse, you should do so; think through what the repercussions will be — both positive and negative — on your roles and relationship.

> Just as you have a financial plan when it comes to your retirement, you should consider the type of lifestyle you want and expect from retirement as well. What do you want to do in retirement? Do you intend to travel? Pursue a hobby? Give some real thought to how you're going to spend a typical week, and consider actually writing down a hypothetical schedule.

WORKING IN RETIREMENT

Many individuals choose to work in retirement for both financial and non-financial reasons. The obvious advantage of working during retirement is that you'll earn money and rely less on your retirement savings — leaving more to potentially grow for the future, and helping your savings last longer. But many retirees also work for personal fulfillment — to stay mentally and physically active, to enjoy the social benefits of working, or to try their hand at something new. If you are thinking of working during your retirement, you'll want to make sure that you understand how your continued employment will affect other aspects of your retirement. For example:

- **If you continue to work, will you have access to affordable health care through your employer?** If so, this could be an incredibly valuable benefit.
- **Will working in retirement allow you to delay receiving Social Security retirement benefits?** If so, your annual benefit when you begin receiving benefits may be higher.
- **If you'll be receiving Social Security benefits while working, how will your work income affect the amount of Social Security benefits that you receive?** Additional earnings can increase benefits in future years. However, for years before you reach full retirement age, $1 in benefits will generally be withheld for every $2 you earn over the annual earnings limit ($18,960 in 2021). Special rules apply in the year that you reach full retirement age.

TIP: Some employer pension plan programs allow for "phased retirement." These programs allow you to continue to work on a part-time basis while accessing all or part of your pension benefit. Federal law encourages these phased retirement programs by allowing pension plans to start paying benefits once you reach age 62, even if you're still working and haven't yet reached the plan's normal retirement age.

CAUTION: Many people who count on working in retirement find that health problems or job loss prevents them from doing so. When making your retirement plans, it may be wise to consider a fallback plan in case everything doesn't go as you expect.

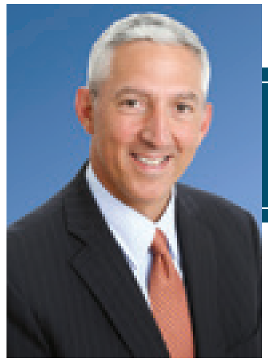
At BWFA, our Financial Planners, Tax Advisors, and Senior Wealth Advisors can meet to offer recommendations based on your own personal goals and circumstances. Please reach out to discuss.

Sincerely,

Robert Carpenter

President & CEO

Investment Management



ARE BONDS "CONSERVATIVE INVESTMENTS"? MAYBE NOT.

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BWFA has been underweighting allocations to bonds and other interest rate sensitive investments, given that many of these choices pay very little, and there is a risk to principle eroding, if interest rates go up.

Bonds may not be as glamorous as stocks or commodities, but they could be a component of some investment portfolios. Bonds are traded in huge volumes every day, but their full usefulness must be assessed carefully given the economic environment we are in today.

Interestingly, many employer-based retirement plans have investment choices that, unbeknownst to the employee investing, maintain extremely high allocations in bonds. These investments should be reviewed by BWFA to be sure you have the most appropriate investment choices for your situation and to ensure you optimize results.

WHY INVEST IN BONDS?

Bonds, at times may help diversify your investment portfolio. Interest payments from bonds can act as a hedge against the relative volatility of stocks, real estate, or precious metals. Those interest payments also can provide you with a steady stream of income.

HOW BONDS WORK

When you buy a bond, you are essentially loaning money to a bond issuer in need of cash to finance a venture or fund a program, such as a corporation or government agency. In return for your investment, you receive interest payments at regular intervals, usually based on a fixed annual rate (coupon rate). You are also paid the bond's full face amount at its stated maturity date.

You can purchase bonds in denominations as low as $1000. Some are backed by tangible assets, such as mortgage contracts, buildings, or equipment. In many other cases, you simply rely on the issuer's ability to pay. You can buy or sell bonds in the open market in the same manner as stocks and other securities. Therefore, bonds fluctuate in price, selling at a premium (above) or discount (below) to the face value (par value). Generally, the longer a bond's duration to maturity, the more volatile its price swings. These factors expose bonds to certain inherent risks.

BOND RISK FACTORS

Although bonds may be considered conservative, lower-risk investments, many are not, and all carry some risk. Because bonds are traded in the securities markets, there is always the chance that your bonds can lose favor and drop in price due to market risk; as a result, a bond redeemed prior to maturity may be worth more or less than its original cost. Much of this volatility in prices is tied to interest-rate fluctuations. For example, if you pay $1,000 for a 3 percent bond, that same $1,000 might buy you a 4 percent bond the following month, if interest rates rise. Consequently, your old 3 percent bond may be worth only about $900 to current investors.

> Bonds may not be as glamorous as stocks or commodities, but they could be a component of some investment portfolios. Their full usefulness must be assessed carefully given the economic environment we are in today.

Since bonds typically pay a fixed rate of interest, they are open to inflation risk. As consumer prices generally rise, the purchasing power of all fixed investments is reduced. Also, there is a chance that the issuer will be unable to make its interest payments or to repay its bonds' face value at maturity. This is known as credit or financial risk. To help minimize this risk, compare the relative strength of companies or bonds through a ratings service such as *Moody's, Standard & Poor's, A. M. Best,* or *Fitch*. Finally, bonds also involve reinvestment risk: the risk that when a bond matures, you may not be able to get the same return when you reinvest that money.

CORPORATE BONDS

Bonds issued by private corporations vary in risk from typically super-steady utility bonds to highly volatile, high-interest junk bonds. Also, many corporate bonds are callable, meaning that the debt can be paid off by the issuing company and redeemed on a fixed date. The company pays back your principal along with accrued interest, plus an additional amount for calling the bond before maturity.

Some corporate bonds are convertible and can be exchanged for shares of the company's stock on a fixed date. You can also purchase zero-coupon bonds, which are issued at a discount to (below) face value. No interest is paid, but at maturity you receive the face value of the bond. For example, you pay $600 for a 5-year, $1,000 zero-coupon bond. At the end of 5 years, you receive $1,000. Corporate bonds have maturity dates ranging from one day to 40 years or more and generally make fixed interest payments every six months.

U.S. GOVERNMENT SECURITIES

The securities backed by the full faith and credit of the U.S. government carry minimal risk. United States Treasury bills (T-bills) are issued for terms from a few days to 52 weeks. They are sold at a discount and are redeemed for their full face value at maturity. Other Treasury securities include Treasury notes, which have terms from 2 to 10 years, Treasury Inflation Protected Securities (TIPS), which have terms from 5 to 30 years, and Treasury bonds, which have a term of 30 years. Although the interest earned on these securities is subject to federal taxation, it is not subject to state or local taxes.

Various federal agencies also issue bonds. As with any investment, these bonds carry some risk. However, because the U.S. government guarantees timely payment of principal and interest on them, they are considered very safe. Some of these bonds use mortgages as collateral. Most mortgage-backed securities pay monthly interest to bondholders.

(CONTINUE READING ON PAGE 10)

(CONT'D FROM PAGE 9) Are Bonds "Conservative Investments"? Maybe Not.

MUNICIPAL BONDS

Municipal bonds (munis) are issued by states, counties, or municipalities, and are generally free from federal taxation (with some exceptions). Some may be completely tax free if you are a resident of the state, county, or municipality of issuance. Though municipal bonds generally offer lower interest payments compared with taxable bonds, their overall return may be higher because of their tax-reduced (or tax-free) status. Some municipal bond interest also could be subject to the alternative minimum tax. You must select bonds carefully to ensure a worthwhile tax savings. Because municipal bonds tend to have lower yields than other bonds, the tax benefits tend to accrue to individuals with the highest tax burden.

Munis come in two types: general obligation (GO) bonds and revenue bonds. GO bonds are backed by the taxing authority of the issuing state or local government. For this reason, they are considered less risky but have a lower coupon rate. Revenue bonds are supported by money raised from the bridge, toll road, or other facility that the bonds were issued to fund. They pay a higher interest rate and are considered riskier. Therefore, research the project being funded to the extent possible before you invest, to make sure that it will generate sufficient income to make payments.

Of course, BWFA keeps an eye on your bond portfolio, as we do with all your investments, if we are charged with your professional investment management. Although other factors may affect them, bond prices are often closely tied to interest rates. When rates go up, the market price of your bonds tend to go down; when interest rates fall, your bonds generally rise in value. The interest coupon amount and the term and calculated duration of a bond will affect the amount of volatility given a change in interest rates. Generally, the lower the "coupon" rate (the amount the bond pays or earns each year), the more fluctuation, given a change in interest rates. The longer the term to maturity of a bond, the more volatility given a change in interest rates.

Interest rates also tend to affect a bond's current yield, which measures the coupon rate of your bond in relation to its current price. The current yield rises with a corresponding drop in the price of a bond, and vice versa. In addition, inflation, corporate finances, and government fiscal policy can affect bond prices.

Given all these factors, bonds may not be the investment of choice for the majority of an individual's portfolio. At BWFA we are cautious in this area of the investment markets.

Business Services

10 RESOLUTIONS THAT WILL BOOST THE VALUE OF YOUR COMPANY

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2021 is in the books. If your goal as a business owner is to build a more valuable company in 2022, here are some New Year's resolutions to consider:

1. STOP CHASING REVENUE.

A bigger company is not necessarily a more valuable one if the extra sales come from products and services that are too reliant on you to deliver them.

2. START SURVEYING YOUR CUSTOMERS.

It is a fast and easy way for your customers to give you feedback.

3. SELL LESS STUFF TO MORE PEOPLE.

The most valuable companies have a defendable niche selling a few differentiated products and services to many customers. The least valuable businesses sell lots of undifferentiated products and services to a concentrated group of buyers.

4. DROP THE PRODUCTS OR SERVICES THAT DEPEND ON YOU, THE BUSINESS OWNER.

If you offer something that needs you to produce or sell it, consider dropping it from your company's offerings. Services and products that require you suck up your time and cash and don't contribute significantly to your business's value.

5. COLLECT MORE MONEY UP FRONT.

Turn a negative cash flow cycle into a positive one and you boost your business's value and lessen your stress load.

6. CREATE MORE RECURRING REVENUE.

Predictable sales from subscriptions or recurring contracts mean less stress in the short term and a more valuable business over the long run.

7. BE DIFFERENT.

Refine your marketing strategy to emphasize the point of differentiation that customers value. Be relentless in highlighting this advantage.

8. FIND A BACKUP SUPPLIER FOR YOUR MOST CRITICAL RAW MATERIALS.

Consider placing a small order to establish a commercial relationship and diversify the sources of your most-difficult-to-find materials.

9. TEACH THEM TO FISH.

Answer every employee question of you with "What would you do if you owned the business?" Your goal should be to cultivate employees who think like owners so they can start answering their own questions without coming to you.

10. CREATE AN INSTRUCTION MANUAL.

Document your most important processes so your employees can do their work independently.

Here's to building a more valuable company in 2022!

Financial Planning

MEDICARE 101

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Medicare is a federal program that provides health insurance to retired individuals, regardless of their medical condition, and certain younger people with disabilities or end-stage renal disease.

Here are some basic facts about Medicare that you should know.

WHAT DOES MEDICARE COVER?

Medicare coverage consists of two main parts: Medicare Part A (hospital insurance) and Medicare Part B (medical insurance). These parts together are known as Original Medicare. A third part, Medicare Part C (Medicare Advantage), covers all Part A and Part B services, and may provide additional services. A fourth part, Medicare Part D, offers prescription drug coverage that can help you handle the rising costs of prescriptions.

MEDICARE PART A (HOSPITAL INSURANCE)

Generally known as hospital insurance, Part A covers services associated with inpatient hospital care. These are the costs associated with an overnight stay in a hospital, skilled nursing facility, or psychiatric hospital, including charges for the hospital room, meals, and nursing services. Part A also covers hospice care and home health care.

MEDICARE PART B (MEDICAL INSURANCE)

Generally known as medical insurance, Part B covers other medical care. Physician care — whether you received it as an inpatient at a hospital, as an outpatient at a hospital or other health-care facility, or at a doctor's office — is covered under Part B.

Laboratory tests, physical therapy or rehabilitation services, and ambulance service are also covered. Medicare Part B also covers 100% of the cost of many preventative services and an annual wellness visit.

MEDICARE PART C (MEDICARE ADVANTAGE)

A Medicare Advantage plan is a private health-care plan that contracts with Medicare to provide Part A and Part B benefits. A Medicare Advantage plan covers all of the services that Original Medicare covers except hospice care. Some plans offer extra coverage for expenses not covered by Original Medicare such as vision, hearing, dental, and other health expenses. Most also offer prescription drug (Part D) coverage.

> Most people age 65 or older who are citizens or permanent residents of the United States are eligible for Medicare Part A (hospital insurance) without paying a monthly premium. Although Medicare Part B (medical insurance) is optional, most people sign up for it. Medicare Part B is never free — you'll pay a monthly premium for it.

Several types of Medicare Advantage plans may be available, including health maintenance organization (HMO) plans, preferred provider organization (PPO) plans, private fee-for-service (PFFS) plans, and special needs plans (SNPs). You can choose to enroll in either Original Medicare or a Medicare Advantage plan. If you enroll in a Medicare Advantage plan, you'll generally pay a monthly premium for it, in addition to your Part B premium.

MEDICARE PART D (PRESCRIPTION DRUG COVERAGE)

All Medicare beneficiaries are eligible to join a Medicare prescription drug plan offered by private companies or insurers that have been approved by Medicare. Although these plans vary in price and benefits, they all cover a broad number of brand name and generic drugs available at local pharmacies or through the mail. Medicare prescription drug coverage is voluntary, but if you decide to join a plan, keep in mind that some plans cover more drugs or offer a wider selection of pharmacies (for a higher premium) than others.

You can get information and help with comparing plans on the Medicare website, **medicare.gov**, or by calling a Medicare counselor at **1-800-Medicare**.

WHAT IS NOT COVERED BY MEDICARE PARTS A AND B?

Some medical expenses are not covered by either Part A or B. These expenses include:

- **Your Part B premium**
- **Deductibles, coinsurance, or co-payments that apply**
- **Most prescription drugs**
- **Dental care**
- **Hearing aids**
- **Eye care**
- **Custodial care at home or in a nursing home**

Medicare Part C may cover some of these expenses, or if you're enrolled in Original Medicare you can purchase a supplemental Medigap insurance policy that will help cover what Medicare does not.

ARE YOU ELIGIBLE FOR MEDICARE?

Most people age 65 or older who are citizens or permanent residents of the United States are eligible for Medicare Part A (hospital insurance) without paying a monthly premium.

You are eligible at age 65 if:

- **You receive or are eligible to receive Social Security or Railroad Retirement Board benefits based on your own work record or on someone else's work record (as a spouse, divorced spouse, widow, widower, divorced widow, divorced widower, or parent).**
- **You or your spouse worked long enough in a government job where Medicare taxes were paid.**

In addition, if you are under age 65, you can get Part A without paying a monthly premium if you have received Social Security or Railroad Retirement Board disability benefits for 24 months, or if you are on kidney dialysis or are a kidney transplant patient.

Even if you're not eligible for free Part A coverage, you may still be able to purchase it by paying a premium. Call the Social Security Administration (SSA) at **800-772-1213** for more information.

Although Medicare Part B (medical insurance) is optional, most people sign up for it. If you want to join a Medicare managed care plan or a Medicare private fee-for-service plan, you'll need to enroll in both Parts A and B. And Medicare Part B is never free — you'll pay a monthly premium for it, even if you are eligible for premium-free Medicare Part A.

(CONTINUE READING ON PAGE 14)

HOW MUCH DOES MEDICARE COST?

Medicare deductible amounts and premiums change annually. The tables on the right show what you'll pay in 2021.

Most people pay the standard Part B premium of $148.50. But if your modified adjusted gross income as reported on your federal income tax return from two years ago is above a certain amount, you'll pay the standard premium plus an extra charge called the Income Related Monthly Adjusted Amount (IRMAA).

To determine if you're subject to income-related premiums, the SSA uses the most recent federal tax return provided by the IRS. Generally, the tax return you filed in 2020 (based on 2019 income) will be used to determine if you will pay an income-related premium in 2021. You can contact the SSA at **800-772-1213** if you have new information to report that might change the determination and lower your premium.

Cost for Standard Part B Premium (2021)

	PREMIUM	DEDUCTIBLE	COINSURANCE
Part A (hospital)	None for most people, but non-eligible individuals pay up to $471 per month (if they have 39 or fewer quarters of Medicare-covered employment).	$1,484 per benefit period	$371 a day for the 61st to 90th day each benefit period; $742 a day for the 91st to 150th day for each lifetime reserve day (total of 60 lifetime reserve days); $185.50 a day for the 21st to 100th day each benefit period for skilled nursing facility care.
Part B (medical)	The standard Part B premium amount is $148.50. However, some people who get Social Security benefits will pay more than this amount. *See below for more information.*	$203 per year	After satisfying a deductible if one applies, you normally pay 20% of the approved amount for medical expenses (20 to 40% for outpatient mental health services, 20% for hospital charges for out-patient hospital services, nothing for laboratory services).

Cost for Standard + Income Related Premiums (2021)

If you file an individual income tax return with income that is:	If you file a joint income tax return with income that is:	If you file an income tax return as married filing separately with income that is:	MONTHLY PREMIUM IN 2021:
$88,000 or less	$176,000 or less	$88,000 or less	**$148.50**
Above $88,000 up to $111,000	Above $176,000 up to $222,000	N/A	**$207.90**
Above $111,000 up to $138,000	Above $222,000 up to $276,000	N/A	**$297.00**
Above $138,000 up to $165,000	Above $276,000 up to $330,000	N/A	**$386.10**
Above $165,000 and less than $500,000	Above $330,000 and less than $750,000	Above $88,000 and less than $412,000	**$475.20**
$500,000 and above	$750,000 and above	$412,000 and above	**$504.90**

If you're not automatically enrolled and are eligible for Medicare at age 65, you have a 7-month initial enrollment period to sign up for Part A and/or Part B.

Since Original Medicare doesn't cover every type of medical care, and you'll have to pay deductibles and coinsurance, you may want to buy a Medicare supplemental insurance (Medigap) policy.

If you're enrolled in a Medicare Advantage plan, you'll generally pay one monthly premium for that plan in addition to your Medicare Part B premium. Each Medicare Advantage plan has different premiums and costs for services, and coverage varies, so what you'll pay depends on the plan you have.

WHO ADMINISTERS THE MEDICARE PROGRAM?

The Centers for Medicare & Medicaid Services (CMS) has overall responsibility for administering the Medicare program and sets standards and policies. The CMS also manages the official government website for Medicare, **medicare.gov**. But it's the SSA that processes Medicare applications and answers Medicare eligibility questions.

HOW DO YOU SIGN UP FOR MEDICARE?

You'll generally be automatically enrolled in Medicare when you turn 65 if you're already been receiving Social Security or Railroad Retirement Board benefits for at least four months before you turn 65. The SSA will notify you that you're being enrolled. If you're not automatically enrolled and are eligible for Medicare at age 65, you have a 7-month initial enrollment period to sign up for Part A and/or Part B.

Although there's no cost to enroll in Medicare Part A, you'll pay a premium to enroll in Medicare Part B. If you've been automatically enrolled in Part B, you'll be notified that you have a certain amount of time after your enrollment date to decline coverage. Even if you decide not to enroll in Medicare Part B during the initial enrollment period, you can enroll later during the annual general enrollment period that runs from January 1 to March 31 each year. However, you may pay a slightly higher premium as a result, depending on the circumstances.

If you decide to postpone applying for Social Security past your 65th birthday, you can still enroll in Medicare when you turn 65. The SSA suggests that you call **800-772-1213** three months before you turn 65 to discuss your options. The easiest way to apply for Medicare is online at **ssa.gov/benefits/medicare**.

Financial Planning

UNDERSTANDING DEFINED BENEFIT PLANS

CHRIS KELLY | CPA, CFP®, M. ACCY
Financial Advisor, Portfolio Manager & Executive Manager
ckelly@bwfa.com

You may be counting on funds from a defined benefit plan to help you achieve a comfortable retirement. Often referred to as traditional pension plans, defined benefit plans promise to pay you a specified amount at retirement.

To help you understand the role a defined benefit plan might play in your retirement savings strategy, here's a look at some basic plan attributes. But since every employer's plan is a little different, you'll need to read the summary plan description, or SPD, provided by your company to find out the details of your own plan.

WHAT ARE DEFINED BENEFIT PLANS?

Defined benefit plans are qualified employer-sponsored retirement plans. Like other qualified plans, they offer tax incentives both to employers and to participating employees. For example, your employer can generally deduct contributions made to the plan. And you generally won't owe tax on those contributions until you begin receiving distributions from the plan (usually during retirement).

However, these tax incentives come with strings attached — all qualified plans, including defined benefit plans, must comply with a complex set of rules under the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code.

HOW DO DEFINED BENEFIT PLANS WORK?

A defined benefit plan guarantees you a certain benefit when you retire. How much you receive generally depends on factors such as your salary, age, and years of service with the company.

Each year, pension actuaries calculate the future benefits that are projected to be paid from the plan, and ultimately determine what amount, if any, needs to be contributed to the plan to fund that projected benefit payout. Employers are normally the only contributors to the plan. But defined benefit plans can require that employees contribute to the plan, although it's uncommon.

You may have to work for a specific number of years before you have a permanent right to any retirement benefit under a plan. This is generally referred to as "vesting." If you leave your job before you fully vest in an employer's defined benefit plan, you won't get full retirement benefits from the plan.

HOW ARE RETIREMENT BENEFITS CALCULATED?

Retirement benefits under a defined benefit plan are based on a formula. This formula can provide for a set dollar amount for each year you work for the employer, or it can provide for a specified percentage of earnings. Many plans calculate an employee's retirement benefit by averaging the employee's earnings during the last few years of employment (or, alternatively, averaging an employee's earnings for his or her entire career), taking a specified percentage of the average, and then multiplying it by the employee's number of years of service.

> A defined benefit plan guarantees you a certain benefit when you retire. How much you receive generally depends on factors such as your salary, age, and years of service with the company.

HOW WILL RETIREMENT BENEFITS BE PAID?

Many defined benefit plans allow you to choose how you want your benefits to be paid. Payment options commonly offered include:

- **A single life annuity:** You receive a fixed monthly benefit until you die; after you die, no further payments are made to your survivors.
- **A qualified joint and survivor annuity:** You receive a fixed monthly benefit until you die; after you die, your surviving spouse will continue to receive benefits (in an amount equal to at least 50 percent of your benefit) until his or her death.
- **A lump-sum payment:** You receive the entire value of your plan in a lump sum; no further payments will be made to you or your survivors.

Choosing the right payment option is important, because the option you choose can affect the amount of benefit you ultimately receive. You'll want to consider all of your options carefully, and compare the benefit payment amounts under each option.

WHAT ARE SOME ADVANTAGES OFFERED BY DEFINED BENEFIT PLANS?

- Defined benefit plans can be a major source of retirement income. They're generally designed to replace a certain percentage (e.g., 70 percent) of your pre-retirement income when combined with Social Security.
- Benefits do not hinge on the performance of underlying investments, so you know ahead of time how much you can expect to receive at retirement.
- Most benefits are insured up to a certain annual maximum by the federal government through the Pension Benefit Guaranty Corporation (PBGC).

(CONTINUE READING ON PAGE 18)

(CONT'D FROM PAGE 17) Understanding Defined Benefit Plans

HOW DO DEFINED BENEFIT PLANS DIFFER FROM DEFINED CONTRIBUTION PLANS?

Though it's easy to do, don't confuse a defined benefit plan with another type of qualified retirement plan, the defined contribution plan (e.g., 401(k) plan, profit-sharing plan). As the name implies, a defined benefit plan focuses on the ultimate benefits paid out.

Your employer promises to pay you a certain amount at retirement and is responsible for making sure that there are enough funds in the plan to eventually pay out this amount, even if plan investments don't perform well.

In contrast, defined contribution plans focus primarily on current contributions made to the plan. Your plan specifies the contribution amount you're entitled to each year (contributions made by either you or your employer), but your employer is not obligated to pay you a specified amount at retirement. Instead, the amount you receive at retirement will depend on the investments you choose and how those investments perform.

Some employers offer hybrid plans. Hybrid plans include defined benefit plans that have many of the characteristics of defined contribution plans. One of the most popular forms of a hybrid plan is the cash balance plan.

WHAT ARE CASH BALANCE PLANS?

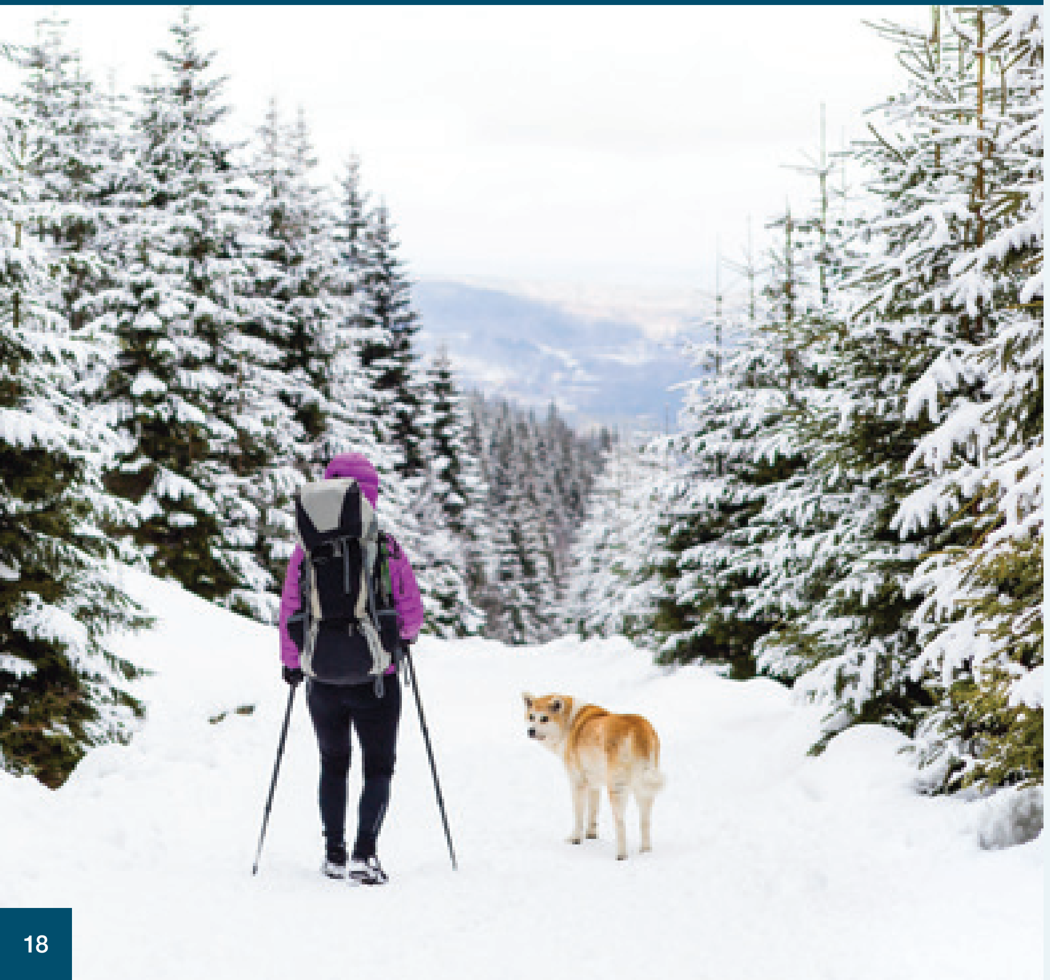
Cash balance plans are defined benefit plans that in many ways resemble defined contribution plans. Like defined benefit plans, they are obligated to pay you a specified amount at retirement, and are insured by the federal government. But they also offer one of the most familiar features of a defined contribution plan: Retirement funds accumulate in an individual account.

This allows you to easily track how much retirement benefit you have accrued. And your benefit is portable. If you leave your employer, you can generally opt to receive a lump-sum distribution of your vested account balance. These funds can be rolled over to an individual retirement account (IRA) or to your new employer's retirement plan.

WHAT YOU SHOULD DO NOW

It's never too early to start planning for retirement. Your pension income, along with Social Security, personal savings, and investment income, can help you realize your dream of living well in retirement.

Your employer promises to pay you a certain amount at retirement and is responsible for making sure that there are enough funds in the plan to eventually pay out this amount, even if plan investments don't perform well.



Employee Spotlight

GET TO KNOW YUAN

YUAN ZHANG | EA
Client Associate
yzhang@bwfa.com

WHAT LEAD YOU TO THIS CAREER?

I am excellent at math, one of the most important factors for being a tax accountant. My knowledge and understanding of tax regulation allow me to effectively communicate and assist clients with tax solutions. The tax services industry is expected to grow faster than the average career.

IF YOU WERE NOT IN THE FINANCIAL WORLD, YOU WOULD BE...?

I would be a math teacher.

SHARE A SIGNIFICANT CAREER ACCOMPLISHMENT.

I spent 3 months getting my Enrolled Agent certification.

MOST REWARDING PART OF WORKING AT BWFA?

Definitely the teamwork! Most of the tasks require a collaboration from all teams — Tax, Client Services, Financial Planning, and Investment Management. This integration improves communication and boosts productivity.

FAVORITE THINGS TO DO OUTSIDE OF BWFA?

I enjoy playing badminton, hiking, and cooking.

WHERE DO YOU SEE YOURSELF IN 5 YEARS?

Here at BWFA, meeting with clients to discuss and solve their tax needs.

WHO/WHAT INSPIRES YOU?

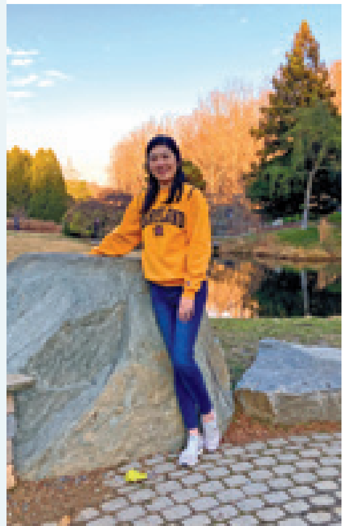
Being challenged inspires me. I like challenges because they lead me to learn new things. Also, a challenge motivates me to do my best.

SHARE A MEMORABLE TRAVEL EXPERIENCE.

I went to Canada several years ago and traveled to different places including Quebec, Montreal, Toronto, and Ottawa. Each city had different views and local cultures, which I enjoyed learning about.

FUN FACT ABOUT YOURSELF?

I like to watch the TV show "Friends".

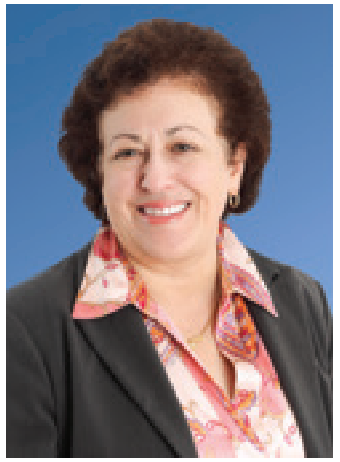


Tax Services

MEET YOUR BWFA TAX TEAM

LAWRENCE M. POST
CPA, MST, CFP®, CIMA®
Senior Tax & Planning Advisor
lpost@bwfa.com

Larry Post is a financial professional dedicated to serving the needs of individuals and families. Prior to joining BWFA, Larry held various positions in Hawthorn, PNC Family Office, PNC Wealth Management, and was a partner with a CPA and financial planning firm. Additionally, he was an instructor of financial planning, and an adjunct professor of accounting and taxation. Larry earned a Bachelor of Science in Business Administration majoring in accounting from Georgetown University, and a Master of Science in Taxation and Certificate as a Tax Specialist from Bentley University. He is currently licensed as a CPA and a Certified Financial Planner® and Certified Investment Management Analyst®.



ANN GARCZYNSKI
CPA
Associate Tax Advisor
agarczynski@bwfa.com

Ann Garczynski is a graduate of the University of Baltimore with a Bachelor's Degree in Business Administration and Accounting. Ann has worked at BWFA for many years in both the Tax Services and Client Services departments. 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. Ann and her husband reside in Taylorsville, MD.

MATTHEW SMILER
ChFC®
Tax Advisor & Assoc. Financial Planner | msmiler@bwfa.com

Matthew is a Chartered Financial Consultant (ChFC) and holds a B.S. in Business from Towson University. Matthew has worked in the accounting and financial advisory industry for close to twelve years. He resides in Baltimore with his wife and enjoys playing basketball, golf and spending time with family and friends.

BRIAN MURRAY
Tax Advisor
bmurray@bwfa.com

Brian brings many years of tax experience to BWFA working on both business and individual tax preparation. He is currently working to achieve his Enrolled Agent Certificate. Brian grew up in Boston and recently moved to Silver Spring, MD. He enjoys traveling, food, playing sports and rooting for all of his hometown professional teams.

Let the professionals at BWFA assist you with tax advice and tax planning so you can keep more of your hard-earned money.

GARY TROTTER
Tax Associate
gtrotter@bwfa.com

Gary has been with BWFA for many years. He graduated from SUNY Stony Brook, NY with a Bachelor's degree in Engineering and then earned a Master's Degree in Business Management from Brooklyn Polytechnic University. Gary is a veteran of the US Navy. He previously worked at Verizon Communications. Currently, he is preparing for the licensing exam to become an Enrolled Agent. Gary lives in Columbia, MD with his wife Michelle. His son Marcel is attending college in Philadelphia, PA. He enjoys reading, road cycling, ocean kayaking, downhill skiing, and camping.

YUAN ZHANG
EA
Client Associate
yzhang@bwfa.com

Yuan Zhang graduated from the University of Maryland where she earned her BS in Accounting. Prior to joining BWFA, Yuan was a staff accountant in a regional CPA firm in Bethesda. Yuan lives in Ellicott City, MD with her husband and two kids. She enjoys cooking and likes to spend time with friends and her family.

LEX RUYGROK
CPA, ESQ.
Tax Consultant
lruygrok@bwfa.com

Lex has worked inside the BWFA tax advisory team for many years. He is a graduate of the University of Virginia and an honors graduate of the University of Maryland School of Law. Lex is a former tax manager at Deloitte and served as a tax director for the personal tax services group of a larger regional accounting firm. In addition to practicing law, Lex teaches personal and business tax classes for the Smith Business School at the University of Maryland. He and his wife Terry like to travel, attend concerts and sporting events and spend time with family and friends.

ANA WELBORN
CPA
Tax Consultant
awelborn@bwfa.com

Ana has been a BWFA tax consultant for several years. She is a graduate of UMBC with a major in financial economics and a minor in accounting. Prior to BWFA, Ana was a tax manager at DHG, LLP (formerly Stegman & Co.) working with various types of business entities, individuals, non-profits, and trusts. Ana is a member of the American Institute of Certified Public Accountants and the Maryland Association of Certified Public Accountants. She currently lives in Baltimore, MD and enjoys traveling and spending time with family and friends.

Tax Services

TAX PREPARATION CHECKLIST 2021

MATTHEW SMILER | ChFC®
Tax Advisor & Associate Financial Planner
msmiler@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 distributions from IRAs
- ☐ 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 & Roth IRA)

- ☐ Records of contributions made for the current tax year completed by 4/15/2022

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 (only if in federally declared disaster areas)

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

- ☐ Economic impact payments received in the spring of 2021
- ☐ Advanced child tax credit payments received between July-December 2021

Taxes You Paid

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

NOTES

Extending Your Return

All extensions must be filed by April 15, 2022

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, 2022

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

Tax Services

TAKING ADVANTAGE OF EMPLOYER-SPONSORED RETIREMENT PLANS

YUAN ZHANG | EA
Client Associate
yzhang@bwfa.com

Employer-sponsored qualified retirement plans such as 401(k)s are some of the most powerful retirement savings tools available. If your employer offers such a plan and you're not participating in it, you should be. Once you're participating in a plan, try to take full advantage of it.

UNDERSTAND YOUR EMPLOYER-SPONSORED PLAN

Before you can take advantage of your employer's plan, you need to understand how these plans work. Read everything you can about the plan and talk to your employer's benefits officer. You can also talk to a financial planner, a tax advisor, and other professionals. Recognize the key features that many employer-sponsored plans share:

- **Your employer automatically deducts your contributions from your paycheck. You may never even miss the money — out of sight, out of mind.**
- **You decide what portion of your salary to contribute, up to the legal limit. And you can usually change your contribution amount on certain dates during the year or as needed.**
- **With 401(k), 403(b), 457(b), SARSEPs, and SIMPLE plans, you contribute to the plan on a pre-tax basis. Your contributions come off the top of your salary before your employer withholds income taxes.**
- **Your 401(k), 403(b), or 457(b) plan may let you make after-tax Roth contributions — there's no up-front tax benefit but qualified distributions are entirely tax free.**
- **Your employer may match all or part of your contribution up to a certain level. You typically become vested in these employer dollars through years of service with the company.**
- **Your funds grow tax deferred in the plan. You don't pay taxes on investment earnings until you withdraw your money from the plan.**
- **You'll pay income taxes (and possibly an early withdrawal penalty) if you withdraw your money from the plan.**
- **You may be able to borrow a portion of your vested balance (up to $50,000) at a reasonable interest rate.**
- **Your creditors cannot reach your plan funds to satisfy your debts.**

CONTRIBUTE AS MUCH AS POSSIBLE

The more you can save for retirement, the better your chances of retiring comfortably. If you can, max out your contribution up to the legal limit (or plan limits, if lower). If you need to free up money to do that, try to cut certain expenses.

Why put your retirement dollars in your employer's plan instead of somewhere else? One reason is that your pre-tax contributions to your employer's plan lower your taxable income for the year. This means you save money in taxes when you contribute to the plan — a big advantage if you're in a high tax bracket. For example, if you earn $100,000 a year and contribute $10,000 to a 401(k) plan, you'll pay income taxes on $90,000 instead of $100,000. (Roth contributions don't lower your current taxable income but qualified distributions of your contributions and earnings — that is, distributions made after you satisfy a five-year holding period and reach age 59½, become disabled, or die — are tax free.)

Why put your retirement dollars in your employer's plan instead of somewhere else? One reason is that your pre-tax contributions to your employer's plan lower your taxable income for the year. This means you save money in taxes when you contribute to the plan — a big advantage if you're in a high tax bracket.

Another reason is the power of tax-deferred growth. Your investment earnings compound year after year and aren't taxable as long as they remain in the plan. Over the long term, this gives you the opportunity to build an impressive sum in your employer's plan. You should end up with a much larger balance than somebody who invests the same amount in taxable investments at the same rate of return.

For example, say you participate in your employer's tax-deferred plan (Account A). You also have a taxable investment account (Account B). Each account earns 6% per year. You're in the 24% tax bracket and contribute $5,000 to each account at the end of every year. After 40 years, the money placed in a taxable account would be worth $567,680. During the same period, the tax-deferred account would grow to $820,238. Even after taxes have been deducted from the tax-deferred account, the investor would still receive $623,381.

NOTE: This example is for illustrative purposes only and does not represent a specific investment.

CAPTURE THE FULL EMPLOYER MATCH

If you can't max out your 401(k) or other plan, you should at least try to contribute up to the limit your employer will match. Employer contributions are basically free money once you're vested in them (check with your employer to find out when vesting happens). By capturing the full benefit of your employer's match, you'll be surprised how much faster your balance grows. If you don't take advantage of your employer's generosity, you could be passing up a significant return on your money.

For example, you earn $30,000 a year and work for an employer that has a matching 401(k) plan. The match is 50 cents on the dollar up to 6% of your salary. Each year, you contribute 6% of your salary ($1,800) to the plan and receive a matching contribution of $900 from your employer.

EVALUATE YOUR INVESTMENT CHOICES CAREFULLY

Most employer-sponsored plans give you a selection of mutual funds or other investments to choose from. Make your choices carefully. The right investment mix for your employer's plan could be one of your keys to a comfortable retirement. That's because over the long term, varying rates of return can make a big difference in the size of your balance.

NOTE: Before investing in a mutual fund, carefully consider the investment objectives, risks, charges, and expenses of the fund. This information can be found in the prospectus, which can be obtained from the fund. Read it carefully before investing.

(CONTINUE READING ON PAGE 26)

(CONT'D FROM PAGE 25) Taking Advantage Of Employer-Sponsored Retirement Plans

Research the investments available to you. How have they performed over the long term? How much risk will they expose you to? Which ones are best suited for long-term goals like retirement? You may also want to get advice from a financial professional (either your own, or one provided through your plan). He or she can help you pick the right investments based on your personal goals, your attitude toward risk, how long you have until retirement, and other factors. Your financial professional can also help you coordinate your plan investments with your overall investment portfolio.

KNOW YOUR OPTIONS WHEN YOU LEAVE YOUR EMPLOYER

When you leave your job, your vested balance in your former employer's retirement plan is yours to keep. You have several options at that point, including:

- Taking a lump-sum distribution. Before choosing this option, consider that you'll pay income taxes and possibly a penalty on the amount you withdraw. Plus, you're giving up the continued potential of tax-deferred growth.
- Leaving your funds in the old plan, growing tax deferred. (Your old plan may not permit this if your balance is less than $5,000, or if you've reached the plan's normal retirement age — typically age 65.) This may be a good idea if you're happy with the plan's investments or you need time to decide what to do with your money.
- Rolling your funds over to an IRA or a new employer's plan (if the plan accepts rollovers). This may also be an appropriate move because there will be no income taxes or penalties if you do the rollover properly (your old plan will withhold 20% for income taxes if you receive the funds before rolling them over, and you'll need to make up this amount out of pocket when investing in the new plan or IRA). Plus, your funds continue to potentially benefit from tax-deferred growth.

> Your investment earnings compound year after year and aren't taxable as long as they remain in the plan. Over the long term, this gives you the opportunity to build an impressive sum in your employer's plan.

A HEALTHIER YOU IN 2022

BWFA
LIFESTYLE

HEALTHY WEALTHY & WISE

While our top priority is always to provide you with excellent Financial Planning, Investment Management, Tax Advisory & Business Services, we recognize that wellness is also a key component to living a full and prosperous life. So whether you're a cooking enthusiast, music lover, yogi, bookworm, or simply interested in improving your overall mental health & wellness, BWFA has you covered this year! Join us!

FOR QUESTIONS OR HELP REGISTERING FOR ANY EVENT: EMAIL CORTNEY AT CCARONNA@BWFA.COM

Eve Kennedy's BWFA BOOK NOOK

A great way to improve your overall health and well-being is to lose yourself in a book!

Reading can help us relax, reduce stress & anxiety, improve sleep, promote healthy habits, sharpen our minds, all while allowing us to embark on amazing adventures.

I have thoroughly enjoyed hosting the BWFA Book Club! This is the start of our 5th year meeting as a book club, and I look forward to the thoughtful discussions, learning experiences, and the time we will have together.

We begin our year with a discussion of ***Somebody's Daughter***, by Ashley C. Ford scheduled for January 20, 2022 at 6:00 PM.

I am fortunate to have a wonderful Independent Book Store, **The Ivy**, within walking distance from my house. If there is not a book on our list that interests you, your local bookstore can be a great resource for suggestions!

As always, the BWFA Book Club welcomes ALL to join and we encourage your suggestions as well, email them to **ekennedy@bwfa.com.**

I hope you will join us for one of our discussions this year! Happy Reading!

EVE KENNEDY
Senior Client Associate
& BWFA Book Club
Discussion Host

B|W|F|A
BOOK CLUB

Eve's Recommended Winter Reads

The Lincoln Highway by Amor Towles

Invisible Child by Andrea Elliott

Truevine by Beth Macy

The Vanishing Half by Brit Bennett

All the Ugly and Wonderful Things by Bryn Greenwood

The Nickel Boys by Colson Whitehead

Harlem Shuffle by Colson Whitehead

Russian Tatto by Elena Gorokhova

In the Garden of Beasts by Erik Larson

H is for Hawk by Helen Macdonald

American Dirt by Jeanine Cummins

Ford County by John Grisham

The Guardian by John Grisham

The Giver of Stars by Jojo Moyes

Libertie by Kaitlyn Greenidge

The Alice Network by Kate Quinn

Klara and the Sun by Kazuo Ishiguro

The Night Watchman by Louise Erdrich

The Beet Queen by Louise Erdrich

The Painted Drum by Louise Erdrich

Wellness Webinars

NEW YEAR'S POWER PLAY WITH RG2

Resilience, Grit, and a Growth Mindset.

The year 2020 was full of its unique setbacks and adjustments that required people to be innovative in the way they handled work, school, and personal life. As we moved into 2021, the fog receded, and we took those lessons learned from the previous year and became more adaptable to the current climate. So, what will it be for 2022? There is still a hazy mist, but it's lighter. It's the perfect time for a power play move. A power play is a tactical advantage over the opponent. In this case, the opponent is us and the external world that we often allow to limit us from reaching our full potential. We make excuses, we focus on the uncontrollable stressors, and often, get in our own way of achieving our goals. Let's get deliberate and review some basic principles that we can incorporate into our daily mindset!

Join BWFA and Dr. Maryrose Blank, Mental Performance Coach, for an ALL NEW wellness workshop to kickstart 2022 and reach your goals this year.

IN THIS WEBINAR, DR. BLANK WILL:

- **Review the RG2 Power Play move that can kickstart us into the New Year with a plan and a mindset.**
- **Highlight what resilience is, common misconceptions, and tools to cultivate steadiness during uncertainty.**
- **Share the three-part equation that builds and sustains grit and hardiness as a characteristic in life.**
- **Explain the key differences between a growth and a fixed mindset, how to identify when we fall into thinking traps, and how to embrace failure as an opportunity.**
- **Summarize the major incentives of an RG2 Power Play.**
- **Conclude with a challenge to the attendees to choose a meaningful goal and apply the RG2 Power Play to the attainment process.**

TUESDAY, JAN. 4, 2022
11:45 AM – 1:00 PM

Coach

DR. MARYROSE BLANK
PSY.D., M.ED., CMPC
Founder & Mental Performance Coach
Tier-1 Mindset
tier1mindset.com

- Doctor of Psychology (Psy.D.) in Sport & Performance Psychology from University of the Rockies
- Master's degree in Psychology and Counseling, with a concentration in Athletic Counseling from Springfield College
- AASP Certified Mental Performance Consultant (CMPC)
- Over a decade of experience working with youth, adolescent, and collegiate athletes on team and individual sports
- 10+ years of experience working with tactical athletes
- Worked at Fort Bragg from 2009-2013
- Avid recreational ultra-athlete
- Currently resides in Northern Virginia

TIER·1 MINDSET

Wellness Webinars

BEFRIENDING OLD MAN WINTER

Do you struggle with dark and cold winter months? Would you like to heal your relationship to winter and find beauty, joy, peace, and a greater sense of aliveness?

Join BWFA and Dagmar Bohlmann, Mindful Outdoor Leader, for an ALL NEW wellness workshop focused on befriending the winter season that many can't wait to escape.

MONDAY, JAN. 10, 2022
11:45 AM – 1:00 PM

YOU WILL LEARN:

- Reasons to go outside in winter
- Philosophy of hygge
- Things to do outside
- How to be prepared
- Yule Traditions
- Pratyahara
- Ayurvedic winter tools

Instructor

DAGMAR BOHLMANN
Registered Yoga Teacher
YOGAhikes Baltimore
dagmarbohlmann.com

YOGAhikes
BALTIMORE

GENTLE HEART OPENING YOGA

This yoga class will gently invite you to open your heart through progressive poses that will make you feel healthier, happier, and more hopeful.

Join BWFA and Registered Yoga Teacher Dagmar Bohlmann for virtual yoga class, designed to improve your mind, body and spirit.

MONDAY, FEB. 14, 2022
11:45 AM – 1:00 PM

BENEFITS OF YOGA:

- Improve posture
- Strengthen your backline
- Open the chest
- Counteract a rounded back
- Increased energy
- An awakened nervous system
- Increased blood flow
- Improved sense of wellbeing

TIPS FOR RELIEVING STRESS & ANXIETY

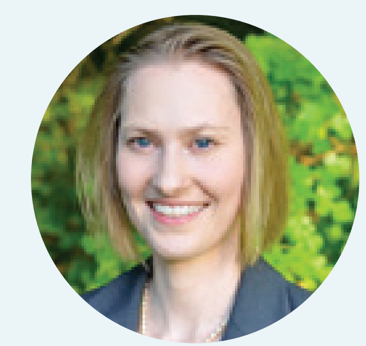
Find a greater sense of peace and mental clarity this new year!

Join BWFA and Dr. Heidi Schreiber-Pan, Author of "Taming the Anxious Mind", for an interactive wellness webinar on managing stress and anxiety.

TUESDAY, MAR. 8, 2022
11:45 AM – 1:00 PM

YOU WILL LEARN:

- What are the signs and symptoms and how do they relate to "normal" stress and anxiety?
- What tools are available to help combat these feelings of stress and anxiety?
- Who to turn to when you are in need of support?
- The 3 C's – Compassion, Connection and Communication. How do those translate to real life situations to help become more present in your everyday life?
- How to use tools such as meditation and mindfulness to deal with your stress and anxiety.



Author

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Clinical Director
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Dr. HeidiSCHREIBER-PAN
author.speaker.therapist

Bon Appétit!

COOKING WITH CHEF ALBA

The Joy of Cooking!

The benefits of cooking are endless! Not only is it relaxing and therapeutic to the body and mind, but it also allows for countless avenues of exploration and creativity. It builds confidence, and sharing a successful dish with family and friends is extremely gratifying. Most importantly, homemade meals bring us together with the ones we love, can connect us with people we've never met, and allow us to relive experiences, memories, and emotions of fond past times.

From Chef Alba's kitchen to yours, we hope you enjoy this special edition of Bon Appétit! Be sure to check out our upcoming classes. We look forward to cooking together!

Chef
ALBA CARBONARO JOHNSON
Owner, Cooking with Chef Alba
easycookingwithalba.blogspot.com

Spinach & Orange Salad

This Spinach and Orange Salad is a fresh, light, and tasty dish prepared in minutes. You can serve it as a side dish with meats or seafood. Oranges are rich in vitamin C while the spinach is rich in vitamins and minerals. It can be prepared in advance and seasoned and dressed right before serving. It can be served at family dinners, special dinners, and holidays. Your guests will love it!

INGREDIENTS **(Serves 4)**

1 small container organic baby spinach, roughly chopped
1 organic orange peeled and cut into segments
3-4 tbsp lightly toasted walnuts
2-3 oz Gorgonzola cheese *(optional)*

Dressing:
1 small shallot, finely minced
2-3 tbsp extra virgin olive oil
Juice 1/4-1/2 fresh orange
Sea salt & freshly ground black pepper

DIRECTIONS

1. **Dressing:** In a small bowl, add the minced shallot, olive oil, and orange juice and mix. Taste for seasoning and adjust with salt, pepper, or more orange juice or olive oil as needed. If the dressing is off slightly, add a tablespoon of water and mix. Once the dressing is ready, set aside.
2. Place the baby spinach evenly on a platter.
3. Place the orange segments around the platter over the spinach. Add the toasted walnuts and break up the Gorgonzola cheese on the platter if using.
4. Lastly, drizzle the dressing on the platter and do not mix the salad.

ALL NEW!

Cooking Classes

4:30 – 6:00 PM FOR ALL

Healthy Eating
MONDAY, JANUARY 3, 2022

Valentine's Day
MONDAY, FEBRUARY 7, 2022

with Chef Amy

Pasqua (Easter) in Italy
THURSDAY, MARCH 31, 2022

Eolie Islands of Sicily
THURSDAY, JUNE 9, 2022

with Chef Alba

Escarole & Cannellini Bean Soup

Escarole originated in the Mediterranean, it is a leafy green vegetable, a member of the chicory family. It is popular in Italian cuisine and can be served either raw or cooked. Escarole is an excellent source of nutrition because it is rich in Vitamin A, B and C, and minerals. It is also rich in fiber. Cannellini beans provide protein and fiber and contain many healthful nutrients, like calcium and iron. This Escarole and Cannellini Bean Soup is a classic, and typical southern Italian soup dating back to “cucina povera,” the tradition of frugal peasant cooking.

INGREDIENTS (Serves 4-6)

2–3 tbsp extra virgin olive oil
1 large red onion, thinly sliced
1 celery stalk, diced
1 carrot, diced
2 cloves garlic, thinly sliced
1 lb escarole, rinsed and cut
Sea salt
Freshly ground black pepper
8 cups chicken, vegetable broth, or water
1 cup cooked and drained fresh cannellini beans or drained canned beans
2–3 tbsp chopped fresh Italian parsley
Grated Pecorino cheese

Chef Tip: To cook dried cannellini beans: Pour dried cannellini beans into a colander and remove any pebbles or shriveled beans. Hold the colander of dried beans under running cold water to remove any dust from the beans. Place the dried cannellini beans in a large bowl with water to completely submerge the beans. Cover and leave the beans to soak overnight in the refrigerator to rehydrate. Pour the soaked beans into a colander over a sink and rinse with cold water. In a medium pot, boil the cannellini beans in fresh water to cover over medium heat until tender, about 1 hour. Drain, and they are ready to use.

DIRECTIONS

1. In a large saucepot, heat the oil over medium heat. Add the onions, celery, and carrots, and sauté until the onions are translucent, 4 to 5 minutes. Add the garlic and sauté another minute. Next, add the escarole, and sauté for 6 to 8 minutes. Season with salt and pepper.
2. Add the broth or water and bring to a boil. Cover, reduce heat to low, and simmer about 20 minutes, then add the beans. Replace the cover, and simmer until the vegetables are just tender, 10 to 15 minutes. Remove from heat. Transfer to a serving bowl, and sprinkle with chopped parsley, grated Pecorino, and a drizzle of extra virgin olive oil.

Pears Stuffed with Ricotta & Honey

In southern Italy, ricotta is not just for stuffing pasta. It is often used in desserts, such as cannoli, tiramisu, and ricotta cheesecake. Pears in Ricotta and Honey is a sophisticated dessert that can be served with a French or Italian dinner or for a Valentine’s Day dinner for two.

INGREDIENTS (Serves 4-8)

4 fresh pears
8 tsp honey, plus more for drizzling
8 oz whole milk ricotta, drained overnight
10 amaretti cookies, divided

DIRECTIONS

1. Heat the oven to 350°F. Line a 9- x 13-inch baking pan with parchment paper.
2. Cut the pears in half length-wise. Remove the stems and scoop out the seeds gently with a teaspoon. Cut off a very thin piece from the round side of each pear so it will sit flat. Drizzle 1 teaspoon honey on the cut-side of each pear. Transfer to the prepared baking pan, cut-side up. Bake until tender (test with a toothpick), about 30 minutes.
3. Place the ricotta in a bowl and whip with a wooden spoon until creamy, about 2 minutes. Crumble 8 amaretti cookies into the ricotta and mix well.
4. Mound the ricotta evenly onto the pear halves. Place them in the oven for 5 minutes to warm them. Remove them from the oven. Crumble the remaining 2 cookies and sprinkle over the pears. Drizzle honey on top. Serve cool or at room temperature.

Salmon in Maghrebi Spices

Salmon is rich in protein, healthy fats, and brilliantly versatile and quick to cook. Salmon in Maghrebi Spices is a recipe from Maghreb (mainly Morocco, Tunisia, Algeria countries). It has a distinctive taste because of the combination of spices selected for this dry rub. The Turmeric turns it light yellow. Add a squeeze of fresh lemon juice and some harissa on the side, and you may never eat salmon any other way!

INGREDIENTS (Serves 4)

1 1/2 tsp freshly ground cumin
1 1/2 tsp freshly ground coriander
1 1/2 tsp ground paprika
1 tsp ground turmeric
1/2 tsp crushed red pepper flakes
1/2 tsp sea salt
Freshly ground black pepper
1-2 tbsp extra virgin olive oil
4 (6-oz) salmon fillets, patted dry with paper towels
Juice of 1 lemon
Ready-made Harissa sauce

DIRECTIONS

1. In a small bowl, mix together the cumin, coriander, paprika, turmeric, and red pepper flakes. Season with salt and pepper. Rub the spices over all sides of the salmon fillets.
2. Heat 1 tablespoon of oil in a large skillet over medium-high heat; add the salmon. Cook until the salmon is lightly browned, 3 to 5 minutes. If salmon has skin, cook skin side down first. Turn over once and cook until the salmon is done to your taste, another 1 to 3 minutes. The exact cooking time depends on the thickness of the fillets. The salmon should be slightly under-done, pink in the middle. Do not overcook. When ready, squeeze fresh lemon juice on top, and if available harissa sauce on the side.

Chef Tip: If you purchase salmon previously frozen, be sure to place the salmon fillets over paper towel to dry. Dry them repeatedly until the paper towels are completely dry. This will eliminate any liquid going into the skillet while cooking and help in the caramelization of the salmon.

What's Happening at BWFA

73RD ANNIVERSARY!

Paul & Nellie Brashears, parents of Mark Brashears (a long-time client and CAB member of BWFA), **celebrated their 73rd Anniversary** in September.

WEDDING BELLS!

On November 20, 2021, **Joe DePatie & Alyssa Deland celebrated their wedding day** surrounded by family & friends. Best wishes for a lifetime of happiness together!
— From Your BWFA Family

Giving Back During the Holidays

This holiday season, BWFA is raising money for the **Casey Cares Foundation**. Casey Cares provides ongoing support to families with critically ill children with things like care packages, new pajamas, grocery gift cards and much more!

Please consider making a donation to our fundraising page below to help us spread some cheer this holiday season. A huge thank you to everyone that has already donated!

justgiving.com/fundraising/Baltimore-Washington-Financial-Advisors1

Visit **caseycares.org** to learn about their uplifting programs, upcoming events, fundraisers, and other ways to give back.

Thank you for your support!

Robert Carpenter

Eve, Calvin & Miriam capturing memories at BWFA's Hershey Park staff retreat.

Raechelle Norton's & Joe Caputo's kids pumpkin pickin' at the patch!

Eve Kennedy & Meghan Manas at *Bubbles & Tulle*, a volunteer event for Downtown Sykesville.

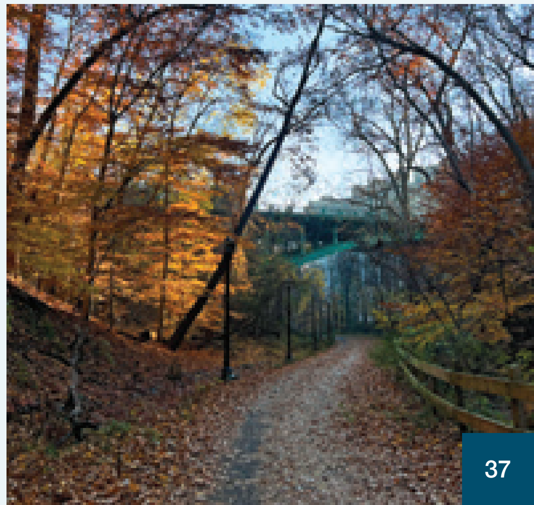
Eve, Calvin, & sister Alice Kennedy (Baltimore City Housing Commissioner) at Mergenthaler High School for Calvin's Robotics Competition.

Miriam & Ezra Manas are set for a fun evening of trick or treating!

V·I·N·N·Y M·O·U·S·E!

Vinny Caronna (left) & **Nola Smiler** (above) decked out for Halloween and cuter than ever!

Sam Carpenter on a November morning run through Klingle Valley Trail in Washington, D.C.



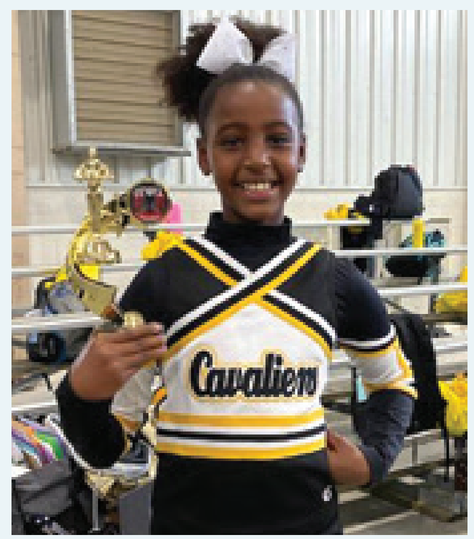
What's Happening at BWFA

The Carpenter family picking a Christmas tree and wreath from the **Waller's Christmas Tree Farm** in Freeland, MD.

Manas family Thanksgiving 2021.

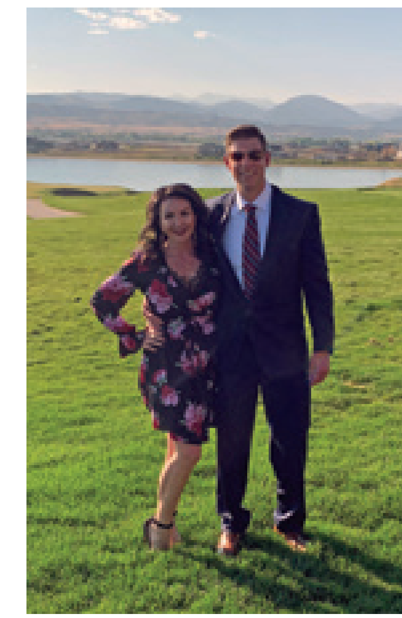
Jennifer, Sandy, Sarah, Cynthia & Ty Hornor at Cattail Creek Country Club.

Christine Carpenter's homemade apple pie for Thanksgiving.



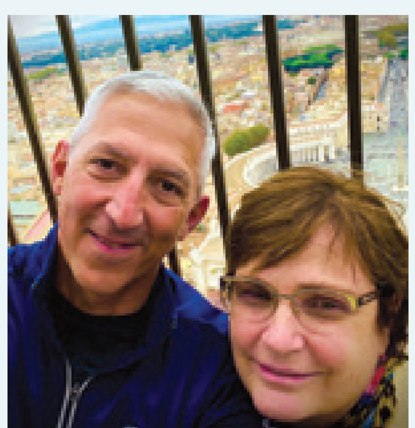
Miriam Manas and her Youth team placed first in their division!

Ezra, Mojo & Ruby, a 1-year old mini golden doodle the Manas' are fostering and hoping to adopt!



Matt & Lindsay Smiler celebrate friends weddings in Loveland, CO & Newport RI.

Caronna family Thanksgiving 2021.



Joe & Susanna Manfredi explore Italy during a church pilgrimage in early November.

The Smiler family and fall fun at Clark's Elioak Farm!

Upcoming Events

These events are being offered as **WEBINARS / VIRTUAL CLASSES ONLY** until further notice.
Visit **BWFA.com** for the latest updates and schedule. We hope you can join us online!
For questions or help registering for any event: Email Cortney Caronna at **ccaronna@bwfa.com.**

All Webinars / Virtual Classes are from **11:45 AM – 1:00 PM** unless noted otherwise.

January	**JAN. 3, 2022**	**4:30 PM - 6:00 PM** Lifestyle: Schola Cooking Class - Healthy Eating
	JAN. 4, 2022	Lifestyle: New Year's Power Play with RG2: Resilience, Grit, and a Growth Mindset
	JAN. 6, 2022	State of Residence in Retirement
	JAN. 10, 2022	Lifestyle: Befriending Old Man Winter
	JAN. 11, 2022	Tax Team: Client Information Workshop
	JAN. 12, 2022	Long-Term Care
	JAN. 13, 2022	Why is a Comprehensive Portfolio Assessment So Important?
	JAN. 18, 2022	Estate Planning: Bottom of the 9th
	JAN. 19, 2022	Retirement 101: Strategies for Success
	JAN.20, 2022	Do You Have Too Much Cash, Earning Too Little?
	JAN. 20, 2022	**6:00 PM – 9:00 PM** Lifestyle: Book Club - "Somebody's Daughter"
	JAN. 25, 2022	Selecting a Continuing Care Retirement Community (CCRC)
	JAN. 26, 2022	Financial Planning for Executives
	JAN. 27, 2022	8,000 Days in Retirement
February	**FEB. 1, 2022**	The Federal Government's "Medicare & You" Handbook Translated Into English
	FEB. 2, 2022	Environmental, Social, and Governance (ESG) Investing
	FEB. 3, 2022	CST: Client Information Workshop
	FEB. 7, 2022	**4:30 PM - 6:00 PM** Lifestyle: Schola Cooking Class - Valentine's Day
	FEB. 8, 2022	Financial Planning for Families
	FEB.9, 2022	Estate Planning: Probate Court & Guardianship
	FEB. 10, 2022	Financial Planning: Welcoming a Child or Grandchild
	FEB. 14, 2022	Lifestyle: Gentle Heart Opening Yoga
	FEB. 15, 2022	Family Wealth Office
	FEB. 16, 2022	Top 10 Mistakes Retirees Make
	FEB. 17, 2022	Five Key Steps to Downsize Your Home
	FEB. 22, 2022	Trust as Beneficiary of an IRA: Yes or No?
	FEB. 23, 2022	Estate Planning for Young Families
	FEB. 24, 2022	Business Owner Series: Exit Strategy & Succession Planning
March	**MAR. 8, 2022**	Lifestyle: Tips for Relieving Stress & Anxiety
	MAR. 10, 2022	Estate Planning: When a Loved One Passes
	MAR. 14, 2022	Lifestyle: Take a Breath: Meditation & Breathing w/ Dagmar
	MAR. 17, 2022	Estate Planning: Trustee Selection
	MAR. 31, 2022	April Fool's: Don't Be Fooled By Annuities
	MAR. 31, 2022	**4:30 PM - 6:00 PM** Lifestyle: VIP Cook Along w/ Chef Alba: Pasqua (Easter) in Italy

Wishing you a New Year filled with joy & prosperity.
From our family to yours!

BWFA

BWFA

Baltimore-Washington

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