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## A Message to Our Clients

XML is required to deliver to each client annually, a notice of material changes to our investment adviser's brochure (Form ADV Part 2A) since our last annual or other-than-annual updating amendment. A summary of material changes to XML's disclosure brochure since the last other-than-annual amendment are:

*A change has been made to the investment advisory fee schedule effective April 1, 2018. Advisory contracts signed after April 1, 2018 will be subject to this new fee schedule.*

You can find a full copy of our ADV Part 2A on our website: [xmlfg.com](http://xmlfg.com), or you may request additional copies by calling our office at 301-770-5234 and we will be happy to email or mail one to you.

We are also providing the [XML Privacy Policy](#), which explains how we collect and share your non-public personal information. This policy can be found at the end of the newsletter and on our website as well.



## XML's View on the Market

As the first quarter of 2018 came to a close, one theme in particular that is top of mind of investors is the return of volatility. Over the course of the past three months, the S&P 500 experienced six trading days of +/-2% moves, compared to 2017 when we saw zero such moves. This volatility resulted in a rockier ride for equity investors. Not only have we seen the volatility pick up, but we have actually had three 10% corrections from the peak of the markets including the first day of the second quarter.

After starting the year off with a bang in January, U.S. large cap equities declined 0.8% through the end of March as investors absorbed the implications of trade tensions, higher interest rates, firming inflation and fiscal stimulus. U.S. small cap equities did only marginally better, down 0.1% YTD. That is perhaps because of their smaller exposure to global trade dynamics. REITs remain the worst performers for the quarter, down 6.7% YTD, reflecting their sensitivity to rising rates. Emerging market equities were a bright spot, up 1.5% despite volatility elsewhere. This was due to improving and more resilient fundamentals in both economic and earnings growth. Developed market equities, on the other hand, were down 1.4%, alongside U.S. large cap equities. Commodities fell 0.4% in the first quarter, despite a rally in oil prices, as industrial metals prices fell on the back of tariff announcements.

Given the backdrop of steadily increasing rates, fixed income markets were challenged in the first quarter. Both U.S. fixed income and global high yield were down 1.5% and 0.4%, respectively. In light of higher volatility, cash outperformed most other asset classes, returning 0.3% for the quarter. Yes, fixed income can go down, but it is only the first quarter and there is still much more interest to be paid over the year to help soften the rising rates. As rates are expected to continue rising, we expect downward pressure on fixed income. We continue to emphasize short to mid-term (10 years or less) bonds, floating rate and high yield.

As mentioned above, the markets have corrected but most have not panicked. If you were happy with the value of your portfolio last summer or early fall, that is where your portfolio might have retreated to. You might not be happy with the reversal of fortunes, but keep in mind, we are investing for the longer term and volatility is a normal occurrence with investing; we simply haven't seen it for quite some time.

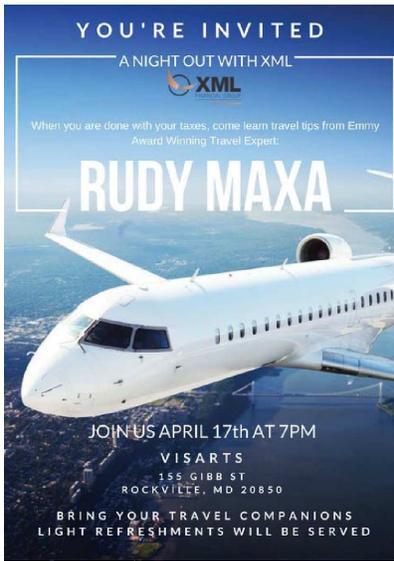
Looking forward, we do expect a bumpy ride relative to last year. In our opinion, the best way to help soften those bumps is through a well-diversified portfolio.

*The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.*

*ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs are subject to management fees and other expenses. Unlike mutual funds, ETF shares are bought and sold at market price, which may be higher or lower than their NAV, and are not individually redeemed from the fund.*

*Investing strategies, such as asset allocation, diversification, or rebalancing, do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There are no guarantees that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. Past performance does not guarantee future results.*

## A Night out with XML



Click [here](#) to register

## Special Announcement



We are excited to introduce...Michelle Perim Cooper, JD, MBA who has joined XML Financial Group as Partner & Director of a new division of XML Financial Group which focuses on the planning and financial needs of women at all stages of their lives. Michelle brings over 25 years of trust and estate experience to XML along with a unique story as she founds XML-W (Women, Wealth & Wellness).

Prior to joining the XML team, Michelle worked for Merrill Lynch and U.S. Trust (both entities are now owned by Bank of America) as a Director and Senior Trust Specialist helping high-net-worth clients design and update their estate plans. From her combined experience as a practicing attorney, an executive at a Wall Street firm, and a young widow with its associated challenges, Michelle brings a unique perspective to helping women during life transitions. She seeks to empower women by giving them insight and education, so that they can achieve their financial goals and leave a lasting legacy for their family.

To learn more, check out our website: <http://www2.xmlfg.com/e/447232/2018-04-12/3zcm7/867150080>

## How Will the New Tax Law Affect You?

You may have seen the article on our [website](#). Tax Law Changes for 2018. Now we want to give you some hypothetical examples of how the plan may affect different types of individuals.

Summary Showing Tax Impacts on Six Hypothetical Families					
	Deduction	2017	New Tax Law	Savings	% Savings
Single \$50k W-2	Standard	\$5,645	\$4,370	\$1,275	22.6%
Married \$150k W-2	Standard	\$23,778	\$19,599	\$4,179	17.6%
Married \$150k W-2	Itemized	\$15,959	\$17,179	-\$1,220	-7.6%
Married with 2 kids \$150k W-2	Itemized	\$13,934	\$13,179	\$755	5.4%
Married \$500k W-2	Itemized	\$120,721	\$107,279	\$13,442	11.1%
Married \$500k W-2 and \$1.5 million S-Corp	Itemized	\$720,477	\$711,499	\$8,978	1.2%

Let's take a closer look at the example of a Maryland married couple earning \$75,000 each, who itemize deductions and have two children under the age of 17:

	2017	New Tax Law	Savings
Adjusted Gross Income	\$150,000	\$150,000	
Itemized Deductions	\$44,000	\$35,000	
Exemption	\$16,200	\$0	
Taxable Income	\$89,800	\$115,000	
Tax	\$13,934	\$17,179	-\$3,245
Child Tax Credit	\$0	\$4,000	\$4,000
TAX	\$13,934	\$13,179	\$755
<b>Itemized Deductions</b>			
MD Income tax withheld	\$12,000	\$12,000	
Property tax	\$7,000	\$7,000	
SUBTOTAL Taxes	\$19,000	\$19,000	
DEDUCTIBLE Taxes	\$19,000	\$10,000	
Mortgage Interest	\$24,000	\$24,000	
Charity	\$1,000	\$1,000	
TOTAL	\$44,000	\$35,000	

In this example, the couple has a tax savings of \$755 under the new tax plan. Most of us will pay less in taxes in the next few years. However, due to the loss of some tax breaks and new caps on others (like state and local taxes), a higher tax bill may apply to some taxpayers, especially those who live in states with high tax. Also, worth noting is most of the individual income tax changes are temporary, expiring on December 31, 2025, but the corporate cuts are permanent.

As always, we recommend you consult with a qualified tax advisor regarding the best options for your specific circumstances.

This information was provided by Financial Consultant, Robert Abel, CPA. Bob has owned his own tax practice, Abel and Associates, since 2003. XML Financial is not affiliated with Abel and Associates.

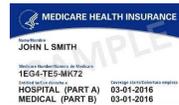


## IRS Dirty Dozen: Watch Out for These 12 Scams

The IRS reminds taxpayers to watch out for scams and schemes that put them and their personal information at risk. Each year, the IRS releases the top 12 scams, known as the Dirty Dozen. The schemes run the gamut from simple refund inflation to technical tax shelter deals.

- 1. Phishing:** Taxpayers should watch for [fake emails or websites](#) looking to steal personal information. The IRS will never initiate contact with taxpayers via email about a bill or tax refund. Don't click on links in these emails claiming to be from the IRS.
- 2. Phone Scams:** Phone calls from criminals impersonating IRS agents remain an [ongoing threat](#) to taxpayers.
- 3. Identity Theft:** Taxpayers should be alert to tactics aimed at [stealing their identities](#). The IRS continues to pursue criminals who file fraudulent tax returns using someone else's Social Security number.
- 4. Return Preparer Fraud:** Most tax professionals provide honest, high-quality service. However, there are some dishonest preparers who [scam clients](#). These preparers commit refund fraud, identity theft and other scams that hurt taxpayers.
- 5. Fake Charities:** Groups [masquerading as charitable organizations](#) solicit donations from unsuspecting contributors. People making donations should take a few extra minutes to make sure their money goes to legitimate charities.
- 6. Inflated Refund Claims:** Taxpayers should be wary of anyone [promising inflated tax refunds](#). Some signs of this include preparers who ask clients to sign a blank return or those who promise a big refund before looking at taxpayer records.
- 7. Excessive Claims for Business Credits:** Taxpayers should avoid [improperly claiming the fuel tax credit](#). Most taxpayers aren't eligible for this credit, as the law usually limits it to off-highway business use, including farming.
- 8. Falsely Padding Deductions on Returns:** Taxpayers should avoid the temptation to [falsely inflate deductions or expenses](#) on their tax returns. Taxpayers do this to pay less than what they owe or receive a larger refund than they should get.
- 9. Falsifying Income to Claim Credits:** Con artists may convince taxpayers to invent income to [erroneously qualify for tax credits](#), such as the Earned Income Tax Credit.
- 10. Frivolous Tax Arguments:** Some taxpayers use [frivolous tax arguments](#) to avoid paying tax. Promoters of these schemes encourage taxpayers to make outlandish claims about the legality of paying taxes. These claims are repeatedly thrown out in court.
- 11. Abusive Tax Shelters:** Taxpayers who use [abusive tax structures](#) do so to avoid paying taxes. The majority of taxpayers pay their fair share, and everyone should be on the lookout for people peddling tax shelters that sound too good to be true.
- 12. Offshore Tax Avoidance:** It's a bad bet to [hide money and income offshore](#). People involved in offshore tax avoidance are best served by voluntarily disclosing offshore money and getting caught up on their tax-filing responsibilities.

This article can be found at <http://www.xmlf.com/e/447232/xQrhR/3zcn5/867150080>



## New Medicare Cards Are Coming

Medicare is mailing new Medicare cards to all people with Medicare starting in April 2018. The following information is provided by [medicare.gov](http://medicare.gov).

### 10 things to know about your new Medicare card

- Your new card will automatically come to you. You don't need to do anything as long as your address is up to date. If you need to update your address, visit your [mySocial Security](#) account.
- Your new card will have a new Medicare Number that's unique to you, instead of your Social Security Number. This will help to protect your identity.
- Your Medicare coverage and benefits will stay the same.
- Mailing takes time. Your card may arrive at a different time than your friend's or neighbor's.
- Your new card is paper, which is easier for many providers to use and copy.
- Once you get your new Medicare card, destroy your old Medicare card and start using your new card right away.
- If you're in a Medicare Advantage Plan (like an HMO or PPO), your Medicare Advantage Plan ID card is your main card for Medicare—you should still keep and use it whenever you need care. However, you also may be asked to show your new Medicare card, so you should carry this card too.
- Doctors, other health care providers and facilities know it's coming and will ask for your new Medicare card when you need care, so carry it with you.
- Only give your new Medicare Number to doctors, pharmacists, other health care providers, your insurers, or people you trust to work with Medicare on your behalf.
- If you forget your new card, you, your doctor or other health care provider may be able to look up your Medicare Number online.

## Logging on to your Fidelity Account

The quickest way to log on to your Fidelity accounts is to go to the [XML website](#) and click on the **My Portfolio Login** in the upper right corner. You will then be redirected to the Fidelity login website and asked to either register or enter your user name and password. Please note: These are specific to this site and will not be the same as what you use to access the secure email we send to you. XML staff is unable to reset your passwords. If you forget your login credentials, just click on the [Having Trouble with Your Username or Password?](#) link.



## Forbes Best-In-State Wealth Advisors List

Brett Bernstein was ranked #9 in Maryland in the Forbes 2018 Best-In-State Wealth Advisors List. The list spotlights over 2,000 top-performing advisers from across the U.S. who were nominated by their firms. The Forbes ranking of Best-In-State Wealth Advisors, developed by independent SHOOK Research, is based on an algorithm of qualitative criteria, mostly gained through telephone and in-person due diligence interviews, and quantitative data. Those advisors that are considered have a minimum of seven years' experience, and the algorithm weights factors like revenue trends, assets under management, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criteria due to varying client objectives and audited data. Neither Forbes or SHOOK receive a fee in exchange for rankings.



## Staff News



Executive Financial Consultant, **Neory Enayat**, has been working towards obtaining a CFP® certification and recently passed the CFP® Certification Examination. Congratulations to her for all the hard work and for a job well done!



In January, XML welcomed **Janine Gonzaga**, as our newest Operations Associate! Janine has worked in both the mortgage and financial services industries since 2004, with a strong background in finance and accounting. She has excellent analytical, problem solving and organizational skills as well as client relationship management skills.

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Like us on Facebook: [www.facebook.com/xmlfg](http://www.facebook.com/xmlfg)

We value our client relationships and appreciate you sharing your opinion about our firm. Any suggestions? Ways for us to improve? Let us know!

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#### PRIVACY NOTICE REGARDING CLIENT PRIVACY

XML Financial, LLC has adopted this policy with recognition that protecting the privacy and security of the non-public personal information we obtain about our customers is an important responsibility.

All financial companies choose how they share your non-public personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your non-public personal information. Even when you are no longer our customer, we will only share your non-public personal information as described in this notice. So, please read this notice carefully to understand what we do.

The types of non-public personal information we collect and share depend on the product or service you have with us. This information can include items such as your Social Security number and income, your account balances and transaction history, and your investment experience and account transactions.

We collect your non-public personal information in a variety of ways. For example, we obtain your non-public personal information when you open an account or give us your income information, tell us about your portfolio or deposit money, or enter into an investment advisory contract. We also collect your non-public personal information from other companies. For example, from the custodians who hold your account assets.

All financial companies need to share customer's non-public personal information to run their everyday business. Below, we describe the reasons we can share your non-public personal information and whether you can limit this sharing.

We share your non-public personal information for our everyday business purposes such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, report to credit bureaus, to protect the confidentiality or security of your records, or as permitted by law. We may also share your non-public personal information for our own firm's marketing purposes; so that we can offer our products and services to you.

Federal law gives you the right to limit only sharing non-public personal information about your credit worthiness for our affiliates' everyday business purposes; sharing non-public personal information about you with our affiliates to market to you; and sharing non-public personal information with non-affiliates to market to you.

We don't share non-public personal information about your creditworthiness with our affiliates for their everyday business purposes. We don't share your non-public personal information with our affiliates to market to you. We don't share your non-public personal information with non-affiliates to market to you. We also don't share your non-public personal information for joint marketing with other financial companies. State laws and individual companies may give you additional rights to limit sharing.

We share non-public personal information with our parent company affiliate, Focus Financial Partners, LLC, for its internal and external auditing purposes. We also share your non-public personal information with a non-affiliate for the purpose of aggregating it and providing summary information based on this data to our parent company, Focus Financial Partners, LLC.

To protect your non-public personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. Because we share office space with The Robert Joseph Group, an unaffiliated staffing and consulting firm, supervised persons are required to take extra care to maintain the confidentiality of information. For example, by limiting investment-related conversations to non-common areas, and only with Adviser's personnel, and refraining from leaving any documents unattended in any common area.

Our policy about obtaining and disclosing non-public personal information may change from time to time. We will provide you notice of any material change to this policy before we implement the change.

If you have questions please call us at 301.770.5234 or go to our website at [www.xmlfg.com](http://www.xmlfg.com).