Checklist: Winter Storage for Boats

Source: PatriotInsuranceco.com

Sadly, boating season will come to an end soon, and Old Man Winter will be paving the way for snowmobiles. Winter storage for boats takes some careful planning. If you follow a checklist, winterizing your boat can be easy, ensuring your boat will be in great shape come spring.

For safe winter storage for your boat, follow our checklist:

Inspect for damage.

- Thoroughly inspect the boat for any damage. Repair now, if possible.
- Check electrical systems and appliances to make sure they are functioning properly (make repairs before storing the boat, if possible).
- Check the battery to make sure it is fully charged before storing.

Prep the fuel system.

- Fill the fuel tank but leave enough room for expansion.
- Treat the fuel with a stabilizer, then run the engine for 10 minutes to get it circulating throughout the engine.
- Seal the fuel valves.

Winterize the engine.

- Change the oil and replace filters.
- Flush the engine with fresh water, then let it drain.
- Wash the engine with soap and water. Rinse thoroughly.
- Fog the engine cylinders with an aerosol fogging solution.
- Lubricate the engine's grease fittings.

Flush the cooling system.

- Drain any remaining coolant.
- Run a less toxic propylene glycol antifreeze through the system.

Clean inside and out.

- Clean the boat inside and out, removing any plant life or barnacles.
- Remove any valuables from inside the boat.
- Take out any food or drinks.
- Bring home any cushions and store them in a cool, dry place.

Store your boat.

- Remove the battery and store it in a safe, dry spot.
- Consider purchasing a dehumidifier for the storage area to help prevent mildew.
- Lock your boat (and leave a key with the marina manager, if applicable).
- Cover and store your boat.
- Check your boat periodically or have the marina check it and report to you.

Then, when spring comes around, make sure you have the right protection for your boat. Talk to an Allen Insurance representative about boat insurance.

You’re New to Maine. Did You Know Your Medicare Coverage May Not Travel With You?

Original Medicare, Parts A & B, travel with you, no matter where you go in the U.S.

On the other hand, Medicare Part C (advantage plans) and Medicare Part D (drug plans) don’t travel so well – you will want to make sure your plans will work for you in your new service area.

If you have moved from one state to another, you are eligible for what the Centers for Medicare and Medicaid Services (CMS) calls a Special Election Period. This SEP typically lasts two months but we recommend quick action to be sure costs you incur are covered when you need them to be.

Questions? Ask Allen. We’re here to help. Anna Moorman and Jo-Ann Neal of Allen Insurance and Financial are licensed insurance agents specializing in Medicare and are appointed with many of

the major insurers in the State of Maine to help you find a product that's the right fit for you.

Upcoming Medicare Workshops – Register Today!

Allen Insurance and Financial is holding a series of free Medicare 101 workshops in September. All are Zoom presentations with specific meeting information provided by email.

- Thursday, Sept. 10, 5 to 6:30 p.m. Register with Belfast Area Adult Education: 338-3197
- Monday, Sept. 21, 5 to 6:30 p.m. Register with Five-Town Adult Ed: 236-7800 x3274
- Thursday, Sept. 24, with the Bremen Public Library, 7 to 8 p.m. Rregister with Jo-Ann Neal via email: jneal(at)allenif.com.
- Wednesday, Sept. 30, 5 to 6:30 p.m. Register with Medomak Valley Adult Ed: 832-5205.

Anna Moorman and Jo-Ann Neal of Allen Insurance and Financial's

Benefits Division will help answer questions, including:

- What does Medicare cover?
- What does Medicare NOT cover?
- When can I enroll in Medicare?
- What is a Medicare Advantage Plan?
- What is a Medicare Supplement Plan?
- What plan is best for me?

Anna Moorman and Jo-Ann Neal specialize in Medicare and will be available for a question and answer session following the presentation.

Estate Planning Update: How the SECURE Act Affects IRA Beneficiaries

In December 2019, Congress passed the Setting Every Community Up for Retirement Enhancement (SECURE) Act, which is changing retirement and estate planning for many. One major provision of the law affects those who inherit individual retirement accounts (IRAs). So, whether you might be inheriting an IRA or are planning on leaving one to your heirs, you should understand how the SECURE Act has changed the rules for beneficiaries. The IRA strategies discussed below could help enable a sound financial plan for a rewarding retirement—for both you and your heirs.

What's Different for IRA Beneficiaries?

The SECURE Act changes the time frame allowed for withdrawals

from an inherited IRA. As you probably know, owners of a retirement account (other than original owners of a Roth IRA) generally must withdraw a minimum amount of money every year after they reach a certain age. These withdrawals are called required minimum distributions (RMDs).

Prior to the act, individual beneficiaries were entitled to take the RMDs from an inherited retirement account over the course of their life expectancy. By choosing to stretch their RMDs over time, they could benefit from tax deferral on any growth in the account. This situation has changed. Now, per the SECURE Act, many individual beneficiaries must completely withdraw the funds in an inherited retirement account within 10 years of the original owner's death.

Exceptions to this rule include account owners who are:

- A beneficiary who inherited an IRA from someone who died before January 1, 2020
- The surviving spouse of the IRA owner
- A child under the age of majority (Once a child reaches maturity, however, the 10-year rule applies.)
- A disabled or chronically ill individual
- An individual who is not more than 10 years younger than the IRA owner

As you can see, for many beneficiaries, the new 10-year withdrawal rule could result in substantially less tax-deferred growth, as well as more taxes due on withdrawal. Fortunately, there are steps you can take to help mitigate the tax burden on these IRA beneficiaries.

IRA Strategies to Consider

To help avoid any negative consequences of the 10-year withdrawal rule, the following strategies may be useful.

Converting to a Roth IRA. Although inherited Roth IRAs are subject to the new rule, distributions remain tax free. With tax rates at historic lows, you might want to consider a Roth conversion. Converting now would mean your beneficiaries (who may be in a higher tax bracket) could potentially avoid being heavily taxed on distributions.

Refusing to accept the IRA. You can refuse or disclaim inherited assets without tax implications. A qualified disclaimer must be in writing and submitted within nine months of the IRA owner's death. In addition, the beneficiary must not have received or exercised control over the IRA, and the IRA must pass to someone other than the person who refused it.

This strategy may work well for a surviving spouse who doesn't need the funds in the IRA. If the IRA passes to other beneficiaries (such as children), they would avoid a larger share of assets being distributed over a single 10-year period. In this case, one 10-year period would begin upon the death of the IRA's original owner and a second 10-year period would begin for the remaining balance of the account upon the death of the surviving spouse.

Naming a trust as beneficiary. With this option, the trustee can exercise control over when IRA distributions are made. If you named a trust as beneficiary of an IRA *before* the implementation of the SECURE Act, however, you should review your estate plan with an attorney. In some instances, trusts drafted before passage of the SECURE Act may now be obsolete, resulting in a distribution pattern that works against the original intent of the trust.

Paying premiums on life insurance. Depending on your insurability, you may want to explore taking a withdrawal from the retirement account and use it to pay premiums on a life

insurance policy. With this strategy, the beneficiaries of your policy would be set up to eventually receive a tax-free payout. This scenario might be more advantageous than leaving your retirement account to your heirs.

Making a qualified charitable distribution. If you're older than 70½, you're entitled to make a qualified charitable distribution (QCD). This is a tax-free gift of up to $100,000 per year from an IRA, payable directly to a charity. QCDs may become more advantageous under the SECURE Act because IRAs might be considered a less attractive inherited asset due to the elimination of the lifetime withdrawal rule.

Revising the estate plan. Working with your attorney, you might want to revise your estate plan to take an asset-by-asset approach rather than assign assets to your heirs using a percentage. For example, you might earmark IRA assets to be distributed to minors or individuals in lower tax brackets and designate a larger proportion of nonretirement assets to those with higher incomes.

Helping Secure the Future

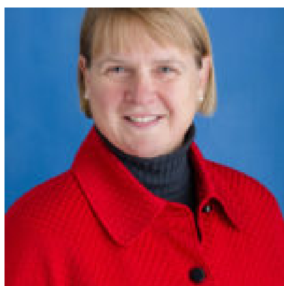
The changes adopted as part of the SECURE Act are complex, so it's important to work with a tax attorney to understand them. Given the new rules that affect many individuals who will inherit an IRA, you should consider a review of your estate plan and designated beneficiaries as a priority. Although many of the SECURE Act's changes benefit those saving for retirement, it's wise to be aware of all the options that can help you and your heirs better prepare for the future.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a

tax preparer, professional tax advisor, or lawyer.

Managing Risk Through Diversification…Now, More Than Ever

By Sarah Ruef-Lindquist, JD, CTFA



By Sarah Ruef-Lindquist, JD, CTFA

Every client has heard me talk about the keys to managing risk in their portfolios. One of those keys is diversification. This can be hard for people who are convinced they know what industry or sector is going to 'always' do well, so they are willing to overconcentrate there, or have stock they've held for a long time or received as a gift or inheritance and have grown emotionally attached or sentimental about it.

If history is a guide, then diversification is key to managing risk in a portfolio. Looking over the last 10 years, beginning with 2010 and looking at 14 recognized asset classes, like

Small-Cap Growth, Real Estate, High-Yield bonds, Large-Cap Value, and their rank each year from highest to lowest return, the numbers tell the story.

For instance, some investors feel that owning large-cap growth stock is the key to their long-term success. It certainly is a strong performer but relative to the 13 other asset classes in this chart, it has been the top performer only 2 out of the past 10 years (2015 @ 5.67% and 2019 36.39%).

Small-Cap Growth has also been the top performer for 2 out of those 10 years with impressive numbers (2010 @ 29.09% and 2013 @43.3%). Ironically, Money Market was the top performer in 2018, in a year when Large-Cap Growth was 5th on the list, and Small Cap Growth was 10th. In 8 of the 10 years studied, Money Market is in the lower 7 classes out of the 14, sometimes with less than 1% performance, but never negative over those 10 years…with at least one sector performing below Money Market 7 out of 10 of those years.

Diversification can allow an investor to have at least a toe hold in as many asset classes as possible to reduce the risk that comes with investing. Some people achieve diversification by buying stocks and bonds in as many classes as feasible, although an even higher level of diversification can be achieved with mutual funds or exchange-traded funds that hold a diversified portfolio either by sector, capitalization or in the

case

PERIODIC TABLE OF ASSET CLASSES (NO ALTERNATIVE INVESTMENTS)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Highest Return	Small-Cap Growth 29.09%	Muni National Intermediate 10.70%	Mid-Cap Value 18.51%	Small-Cap Growth 43.30%	Real Estate 28.82%	Large-Cap Growth 5.67%	Small-Cap Value 31.74%	Emerging Markets 37.28%	Money Market 1.87%	Large-Cap Growth 36.39%
	Real Estate 26.97%	Core Fixed Income 7.84%	Emerging Markets 18.22%	Mid-Cap Growth 35.74%	Mid-Cap Value 14.75%	Muni National Intermediate 3.30%	Mid-Cap Value 20.00%	Large-Cap Growth 30.21%	Short-Term Bond 1.58%	Mid-Cap Growth 35.47%
	Mid-Cap Growth 26.38%	Real Estate 7.48%	Small-Cap Value 18.05%	Small-Cap Value 34.52%	Large-Cap Value 13.45%	Real Estate 1.28%	High-Yield 17.49%	Mid-Cap Growth 25.27%	Muni National Intermediate 1.28%	Small-Cap Growth 28.48%
	Mid-Cap Value 24.75%	High-Yield 4.38%	Large-Cap Value 17.51%	Large-Cap Growth 33.48%	Large-Cap Growth 13.05%	Core Fixed Income 0.55%	Large-Cap Value 17.34%	International 25.03%	Core Fixed Income 0.01%	Mid-Cap Value 27.06%
	Small-Cap Value 24.50%	Large-Cap Growth 2.64%	International 17.32%	Mid-Cap Value 33.46%	Mid-Cap Growth 11.90%	Short-Term Bond 0.54%	Small-Cap Growth 11.32%	Small-Cap Growth 22.17%	Large-Cap Growth −1.51%	Large-Cap Value 26.54%
	Emerging Markets 18.88%	Short-Term Bond 1.55%	Real Estate 16.47%	Large-Cap Value 32.53%	Muni National Intermediate 9.05%	Money Market 0.02%	Emerging Markets 11.19%	Large-Cap Value 13.66%	High-Yield −2.26%	Real Estate 24.33%
	Large-Cap Growth 16.71%	Large-Cap Value 0.39%	Mid-Cap Growth 15.81%	International 22.78%	Core Fixed Income 5.97%	Mid-Cap Growth −0.20%	Mid-Cap Growth 7.33%	Mid-Cap Value 13.34%	Mid-Cap Growth −4.75%	International 22.66%
	Large-Cap Value 15.51%	Money Market 0.07%	High-Yield 15.58%	High-Yield 7.42%	Small-Cap Growth 5.60%	International −0.81%	Real Estate 7.14%	Small-Cap Value 7.84%	Real Estate −5.83%	Small-Cap Value 22.39%
	High-Yield 15.19%	Mid-Cap Value −1.38%	Large-Cap Growth 15.26%	Real Estate 1.26%	Small-Cap Value 4.22%	Small-Cap Growth −1.38%	Large-Cap Growth 7.08%	High-Yield 7.48%	Large-Cap Value −8.27%	Emerging Markets 18.90%
	International 7.75%	Mid-Cap Growth −1.65%	Small-Cap Growth 14.59%	Short-Term Bond 0.36%	High-Yield 2.50%	Large-Cap Value −3.83%	Core Fixed Income 2.65%	Muni National Intermediate 5.45%	Small-Cap Growth −9.31%	High-Yield 14.41%
	Core Fixed Income 6.54%	Small-Cap Growth −2.91%	Muni National Intermediate 6.78%	Money Market 0.05%	Short-Term Bond 0.62%	High-Yield −4.64%	International 1.00%	Real Estate 3.74%	Mid-Cap Value −12.29%	Intermediate-Term Bond 8.72%
	Muni National Intermediate 2.38%	Small-Cap Value −5.50%	Core Fixed Income 4.21%	Core Fixed Income −2.02%	Money Market 0.03%	Mid-Cap Value −4.78%	Short-Term Bond 0.89%	Core Fixed Income 3.54%	Small-Cap Value −12.86%	Muni National Intermediate 7.54%
	Short-Term Bond 2.35%	International −12.14%	Short-Term Bond 0.43%	Muni National Intermediate −2.55%	Emerging Markets −2.19%	Small-Cap Value −7.47%	Money Market 0.25%	Money Market 0.86%	International −13.79%	Short-Term Bond 3.55%
Lowest Return	Money Market 0.13%	Emerging Markets −18.42	Money Market 0.07%	Emerging Markets −2.60%	International −4.90%	Emerging Markets −14.92%	Muni National Intermediate 0.25%	Short-Term Bond 0.42%	Emerging Markets −14.58%	Money Market 2.28%

Source: Morningstar® Direct

This example is for illustrative purposes only. Performance data quoted represents past performance. Past performance does not guarantee future returns. Investors should note that diversification does not assure against market loss and that there is no guarantee that a diversified portfolio will outperform a nondiversified portfolio. The return and value of investment products will fluctuate with market conditions. Indices are unmanaged and investors cannot invest directly in an index. The above asset classes are represented by the following indices: Large-Cap Growth—Russell 1000 Growth; Large-Cap Value—Russell 1000 Value; Mid-Cap Growth—Russell Midcap Growth; Mid-Cap Value—Russell Midcap Value; Small-Cap Growth—Russell 2000 Growth; Small-Cap Value—Russell 2000 Value; International—MSCI EAFE; Emerging Markets—MSCI Emerging Markets; Intermediate-Term Bond—Bloomberg Barclays U.S. Aggregate Bond Index; Short-Term Bond—Bank of America Merrill Lynch U.S. Treasuries 1–3 Yr TR USD; Muni National Intermediate—Bloomberg Barclays U.S. Municipal Bond; Real Estate—MSCI U.S. REIT; High-Yield—Bank of America U.S. High Yield Master II; Money Market—Bank of America U.S. 3-Month T-Bill.

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These asset classes for the most part do not take into account another dimension of diversification, which is industry sector,

like industrials, energy, consumer staples. Diversifying among sectors within a portfolio is also a layer of this strategy to reduce the likelihood that one sector's underperformance will disproportionately impact the performance of a portfolio.

In 2020, during the first half of the year, looking at the 11 sectors of the S&P 500, technology stocks outperformed the other sectors at 15%, while energy underperformed the sectors and -35.3% according to Fidelity, https://www.fidelity.com/viewpoints/investing-ideas/quarterly-sector-update. The average performance of all the sectors in the S&P 500 was -3.1%. Contrast 2010, when energy performed at 20.46% and technology at 10.22% according to Invesco, https://www.invesco.com/pdf/U-SPSECTOR-FLY-1.pdf.

In conjunction with your financial advisor, in addition to defining goals and risk tolerance, consider a level of diversification that aligns with both. Having exposure in many asset classes and sectors can help a portfolio weather the volatility that can negatively impact value.