

How to Prioritize Financial Goals as Your Life Becomes More Complex

Some people are savers, some are spenders, some live carefully within their means, and some live life to the fullest, even if that results in accumulated debt. You likely won't remain solidly in one category throughout your life, as circumstances, income, and expenses change. So, even if you saved diligently during your youth, at some point, you may suddenly be faced with a combination of financial obligations that require decisions about what to prioritize. When juggling day-to-day expenses, debt (student, credit card, or other types), saving for retirement, and saving for your child's college education, where should you focus? Here's a guide to help you decide the priority order these obligations should take, and why.

Establishing Priorities

1. **Emergency fund.** Before shifting your focus to long-term savings or debt repayment, your priority should be building an emergency fund to provide a safety net. These funds should be available to cover unexpected financial difficulties like job loss, car or home repairs, or medical emergencies. Do your best to save at least three to six months' worth of living expenses in an account that you can easily access whenever necessary. Building this buffer before you put money toward other obligations will keep you from deeper debt and additional financial trouble caused by an emergency.

Helpful tip: Set up automated transfers to your emergency savings account, treating it like a monthly bill. This way, the

funds will grow consistently, and you'll be able to build a safety net without constant effort.

2. **High-interest debt.** Since credit card debt and personal loans often come with high interest rates, paying those off should be your next priority. This will help free up money for other financial goals and eliminate the interest payments that are costing you more money than you actually owe. You can also call credit card companies and ask if they can lower your interest rate. They might not agree, but it's worth trying.

Helpful tip: Choose a debt repayment strategy that works best for you. Consider the snowball method (paying off debts from smallest to largest) or the avalanche method (paying off debts with the highest interest rates first). Then, stick to the plan until all your high-interest debts are cleared.

3. **Retirement savings.** Your retirement may seem too far in the future for you to think about now, but this should come next on your list of financial priorities. Why should it come ahead of saving for your child's college tuition, which is likely to be a huge expense? Because, unlike retirement, there are various options for funding a college education, including scholarships, grants, and student loans. There are far fewer options for funding your living expenses after retirement. Also, since more Americans are living longer, maintaining your standard of living will require more money. You don't want to outlive your financial resources.

Helpful tip: Take advantage of individual retirement accounts (IRAs) or employer-sponsored retirement plans like 401(k)s. Try to contribute at least enough to receive any company matching contributions because that's essentially free money for you. Thanks to compound interest, even a small contribution now can

result in significant savings as it grows over time.

- 4. Children's college education.** The reason this financial obligation falls last on the list of priorities is certainly not because it's less important. College costs are high, and it makes sense to start saving early. But, if you must sacrifice this goal to focus on others, you can fund your child's education in other ways. Scholarships, grants, and part-time student employment opportunities may be available for supplementing education expenses if you haven't saved enough to cover costs.

Helpful tip: Explore the option of a 529 savings plan or education savings account (ESA). These accounts offer tax benefits and can help you save money to use specifically toward educational expenses. If you can manage to automate contributions, you'll maintain consistency and enable your fund to build steadily over time.

This priority order can serve as a good guide, but changing financial goals, income, or other circumstances might cause you to reassess and refocus from time to time. The key is to find a balance between the financial obligations you have now and making sure your financial future is secure, too. As always, your financial advisor can help you determine the best strategy to maintain stability, maximize your benefits, and minimize your costs and penalties based on your individual situation and goals.

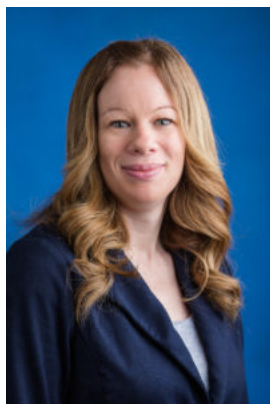
This material is intended for informational/educational purposes only and should not be construed as investment advice, a solicitation, or a recommendation to buy or sell any security or investment product. Please contact your financial professional for more information specific to your situation.

The fees, expenses, and features of 529 plans can vary from

state to state. 529 plans involve investment risk, including the possible loss of funds. There is no guarantee that an education-funding goal will be met. In order to be federally tax free, earnings must be used to pay for qualified education expenses. The earnings portion of a nonqualified withdrawal will be subject to ordinary income tax at the recipient's marginal rate and subject to a 10 percent penalty. By investing in a plan outside your state of residence, you may lose any state tax benefits. 529 plans are subject to enrollment, maintenance, and administration/management fees and expenses.

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Kristina Campbell Earns Workers Compensation Professional Certification



Kristina Campbell, a commercial lines producer at Allen Insurance and Financial, has completed the Workers Compensation Professional certification through the American Society of

Workers' Compensation Professionals.

The WCP® certification provides a strong educational foundation in the various aspects of the workers compensation industry. Campbell completed the program in a nine-week virtual program offered through the University of Southern Maine.

The program highlighted history of workers compensation, statutory provisions, benefits, claims administration, cost containment strategies, methods for determining rates, exclusive remedy challenges, federal legislation and the availability of insurance.

“Achieving the WCP® certification required a significant commitment – this is the kind of dedication and professional development that helps our clients and our team, and shows why Krissy is an outstanding agent,” said Dan Bookham, senior vice president at Allen Insurance and Financial.

Campbell has been with Allen Insurance and Financial since 2005.

An Update From Our Benefits Division About the Maine Paid Family and Medical Leave Program

The benefits team at Allen Insurance and Financial continues to monitor the progress of the rulemaking process on the Maine PFML, working with both legal and insurance company experts.

With the recent release of the draft rules for public comment, one previously unclear aspect of the rule has come to light and we are encouraging employers to comment.

Draft rules indicate that an employer may not submit an application to exit the state plan and substitute with a private plan until January 1, 2026, with an effective date not earlier than April 1, 2026.

Regulations towards private plan entry also note the employer as responsible for premiums under the state program until the effective date of the private plan, which would be April 1, 2026. *What this means, as currently outlined, is that employers seeking private plan administration will be required to pay into the state plan starting January 1, 2025, without a refund of those contributions.*

The regulations are not final and are open to public comment. We want to make you aware of the opportunity to express any impacts the proposed regulations may have on your business.

For additional background, in a number of other PFML states, a Declaration of Insurance process was utilized for employers seeking to use PFML private plans. Declarations of Insurance, effective as of the date state plan contributions begin, administratively assure states the employer is complying with PFML requirements through a private plan. This process also avoids state plan pre-funding as the state plan would not bear the cost of private plan claims. If Maine is amenable to this approach, a Declaration of Insurance process would allow time for rulemaking and for a state plan opt-out process for employers interested in private plan solutions.

To submit your comments, you may do so here: [MDOL Proposed Rulemaking](#). Select **12-702** Department of Labor, Paid Family and Medical Leave Program and within this dropdown identify the

applicable section within which you would like to comment.

The public comment period for PFML rulemaking will end on July 8, 2024.

For more information about the benefits team at Allen Insurance and Financial and the services we offer, click over to AllenIF.com/benefits.

Closing the Door Behind You...After You're Gone, Do You Still Want Some Privacy?



By [Sarah Ruef-Lindquist](#) for [Pen Bay Pilot](#)

For the past 36 years, I have had countless conversations with people engaged in their planning trying to understand options for how to structure their estates. A primary question is always “Do you care if it’s public?”

This question is often met with some level of astonishment. “Why would it be public?” And of course, the answer is that wills are public documents filed in the Probate Registry as the

initial step in probate of an estate. In fact, the word 'probate' derives from the Latin word that means 'to prove' which is the intent of the probate process: To prove a will is the intent of the decedent and is presented to allow for its administration.

This means that to begin the process of proving the will and administration of the estate, the will is filed and made a public document. Nowadays, that means the will is not only physically available at the registry of probate but also electronically available through on-line records portals used by most states and open to the public.

Recently, there was an unusual case in Knox County, Maine: A request from the person seeking appointment as administrator of an estate to seal a will. In other words, the person making this request wanted the will to be administered, but not publicly available. Over her 40+ years in office, the county's Registrar could not remember a request for a will to be sealed in the county. Subsequently, a probate judge denied the request to seal the will.

It is possible that such a request to seal a will from public view indicates there are controversial, or perhaps embarrassing, dimensions of family dynamics articulated in the will itself. A disinheritance and perhaps an actual memorialization of the reason therefor might be best kept out of public records.

How could this be accomplished? For centuries, our legal system has recognized that people who use a trust to administer their estates may do so privately and with little or no involvement of probate. A trust can be created during lifetime and include a pour over provision such that if there is any property owned by the decedent but not already in the trust at the time of death it will pass into the trust and then be administered according

to the terms of the trust, which remains private.

People utilize trusts for a variety of reasons: Tax efficiency, creditor issues, remarriage, spendthrift issues – and the list goes on. In my experience, this is the most-often cited reason for folks here in Maine: Privacy. No one will be able to look up in one place what was owned and to whom it was given after their death. However, using a trust does require that one has absolute trust and confidence in their trustee – the person who will be responsible for carrying out unsupervised administration. Sometimes this is a professional, such as a lawyer or accountant, instead of a friend or family member.

Each situation is unique. Consult your own legal and financial advisor to learn more about whether yours warrants consideration of trust planning for privacy or other reasons.

Allen Insurance and Financial does not provide legal or tax advice. You should consult a legal or tax professional regarding your individual situation.

Brandy Schofield **Named**
Benefits Division Director



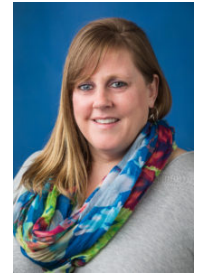
Brandy Schofield has been named Director of the Benefits Division at Allen Insurance and Financial.

Schofield has been a benefits account manager at Allen since 2007.

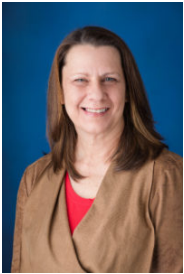
“As an account manager, Brandy has long brought hands-on experience to the challenges faced by our clients responsible for human resource issues and their company’s health insurance plans. She is well-suited to take on this leadership role in our benefits division,” said Susan Howland, senior vice president for human resources at Allen.

Schofield is a graduate of Husson College where she studied business administration. She holds a Consumer Directed Health Care certification from the National Association of Health Insurance Underwriters.

**Jen Fifield and Valerie
Robinson Earn Certified
Professional Insurance Agent
Designation**



Jennifer
Fifield



Valerie
Robinson

[Jennifer Fifield](#) and [Valerie Robinson, ACSR](#), of Allen Insurance and Financial have each earned the Certified Professional Insurance Agent designation from the American Insurance Marketing and Sales Society.

The CPIA designation emphasizes critical skills in insurance underwriting, coverages marketing and client services.

Robinson, an account manager with Allen's business insurance team, also holds the Accredited Customer Service Representative Designation. She has been with the company since 2007.

Fifield is the interface associate at Allen. She has been with the company since 1995.

Inheritance Can Mean a Brighter Future: What to Do When it Happens to You



Sarah
Ruef-
Lindquist,
JD, CTFA

By Sarah Ruef-Lindquist for [Pen Bay Pilot](#) WAVE, Spring 2024

We are in the midst of the largest intergenerational transfer of wealth in the history of the United States. It is estimated that by the year 2045, more than \$84 trillion will be left to the Gen X, Millennial and Gen Z generations by the Silent Generation and Baby Boomers. This is more than at any other time in US history. [\[i\]](#)

The long and the short of it is that those born between 1946 and 1964 – Boomers – have created an extraordinary level of wealth that combined with what the Silent Generation left to them will result in an unprecedented amount of assets transferring by the middle of this century. Over the next 20 years or so, many who have never had to manage or plan for any level of wealth could have more than they ever imagined.

And it's already begun. Many of the clients I work with have

been 'surprised' to become beneficiaries of parents and other relatives' estates and are confronted with the need to manage and steward these assets in a way that fits into their lives or in some cases, is transformational. Having never planned to have more than they needed to live on modestly brings a whole new set of challenges and decisions to be made.

For instance, some have been helped in the past during financial difficulties and want to do something for those who helped them, even if they have already paid back anything they borrowed. It's a natural emotional response in the face of generosity, but does it make sense?

Some want to give some or even all of the money to charity...but again, is this in their best interests when having a "nest egg" is the difference between living in retirement solely on social security or having the ability to even modestly increase their standard of living in their older years?

Others are so unaccustomed to having any excess income or assets than they need to live on that they assume that they will have a significant tax bill for accepting the funds or, if they have received appreciated securities or assets, that they cannot liquidate or reinvest those securities into something more appropriate for their life goals and risk tolerance because of the capital gains tax involved when in fact, most of the time this is not the case.

For most, they have never had a financial advisor because they didn't think they needed one. What becomes immediately apparent is that they do and will do well to find someone who can help navigate the choices and complexities of managing wealth and build the right amount of discipline around spending to fit into their lives in a way that makes the most sense for them.

A careful analysis of risk tolerance, retirement and estate

planning goals in light of new circumstances is required that also takes into consideration longevity, living expenses and other assets and income sources available. Because stock, real estate or other assets held more than a year by the decedent often give heirs a tax basis that is the value as of date of death, not the basis or cost of the decedent, very tax efficient opportunities are available to allow heirs to make choices that are more aligned with their financial plans.

Anyone faced with inheriting assets should seek the services of a financial advisor with experience, knowledge and skills to help plan for and manage inherited assets. It can often mean a brighter future for you and your loved ones.

[i]

<https://www.forbes.com/sites/jackkelly/2023/08/09/the-great-wealth-transfer-from-baby-boomers-to-millennials-will-impact-the-job-market-and-economy/?sh=58fbb0e03e4a>

<https://www.fastcompany.com/91016524/great-wealth-transfer-explained-how-some-gen-x-millennials-gen-z-are-getting-rich>

Ways to Reduce Your Tax Liability

Want to pay less taxes? If given a way to legally reduce tax liability, most Americans would welcome that opportunity with open arms. But methods for doing so aren't always obvious—and may be tricky in certain circumstances. Two such situations include working in the gig economy and navigating required

minimum distributions (RMDs) from retirement accounts. Let's explore strategic tax planning options for both cases.

Tax Planning for Gig Workers

The gig economy refers to the rise in freelance work through apps such as Uber, TaskRabbit, DoorDash, and Etsy. As a gig worker, you have the flexibility to work on your own time and be your own boss, but you're responsible for managing your income, expenses, and tax obligations. This could prove difficult and time-consuming, especially if you aren't well-versed in tax law. There are ways, however, for freelancers to reduce their tax burden and comply with IRS rules and regulations.

- **Track business expenses and deductions.** As a gig worker, you can deduct business expenses from your taxable income. These might include home office expenses, equipment, supplies, and travel expenses. Keeping track of your expenses throughout the year can help maximize deductions and lower taxable income.
- **Learn about tax deductions for freelancers.** Gig economy jobs are viewed as independent contract roles by the IRS and are therefore eligible for various tax deductions aside from business expenses. These include deductions for health insurance, retirement contributions, and even a portion of self-employment taxes. Understanding these deductions will help reduce overall tax liabilities; your financial advisor can help clarify which expenses qualify.
- **Contribute to retirement accounts.** When performing freelance work, you don't have an employer-sponsored retirement plan but can still contribute to a traditional IRA or Roth IRA to save for the future. Contributions to traditional IRAs are tax deductible, whereas contributions to Roth IRAs are not tax deductible but grow tax free. Contributing to a retirement account may reduce your

taxable income and provide long-term savings.

- **Consider estimated quarterly tax payments.** Gig workers, who often receive income without taxes withheld, are responsible for paying estimated taxes throughout the year. You can use tax software or an accountant to calculate your estimated taxes and ensure that you are paying the right amount. Making quarterly estimated tax payments can help avoid penalties and ensure that taxes are paid throughout the year rather than in one lump sum during tax season.

Using RMDs for Tax Planning in Retirement

As baby boomers retire and life expectancy increases, tax planning for retirement is becoming increasingly important for American workers. One way to maximize tax savings in retirement is through RMDs. You're required to take RMDs from certain retirement accounts the year you turn 73. Withdrawing them, however, could result in a large tax bill because these are considered taxable income. Here's how to cut down on what you'll owe.

- **Withdraw more early on.** You can start withdrawing money from retirement accounts without a tax penalty at age 59½. If you expect to be in a lower tax bracket when you retire, it could help to take larger distributions at the beginning of your retirement to reduce your account balance and lower your RMDs later (reducing the taxes you owe on them).
- **Make charitable donations.** Another way to reduce your tax liabilities is by donating your RMD to a qualified charity. This strategy, known as a qualified charitable distribution (QCD), satisfies RMD requirements and can reduce your taxable income while supporting a cause you care about. Just note the following requirements:

- You must be 70½ or older.
 - You are limited to \$105,000 in 2024.
 - The QCD must be made directly from the trustee of the IRA to the charity.
 - You won't be able to claim a QCD as a charitable deduction on your taxes.
- **Consider a Roth IRA conversion.** Although you will be taxed on retirement funds you convert to a Roth IRA at the time of conversion, future withdrawals from a Roth IRA are tax free. The onetime tax payment might be worth paying so you can avoid RMDs altogether and withdraw the money later without paying taxes on it. Strategic Roth conversions can help manage tax brackets in retirement, but they aren't the right move for everyone, so discuss this possibility with your financial advisor and a tax professional before proceeding.
 - **Coordinate with social security.** If you're able to withdraw funds from your tax-deferred retirement accounts before you claim social security benefits, you may minimize tax liabilities. Also, if taking distributions from your retirement funds allows you to delay collecting social security beyond your full retirement age, your benefit will increase.

Reducing your tax bill sounds great, but it requires careful planning and understanding of tax laws. Whether you're a gig worker hoping to take advantage of deductions, a retiree trying to use RMDs to your advantage, or you're looking at another possible way to legally reduce what you owe the IRS, please reach out to us. We'd love to help with your strategic tax planning. As always, we aim to help you make the most informed decision to optimize your financial well-being.

This material has been provided for general informational purposes only and does not constitute tax, legal, or investment

advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a qualified professional regarding your situation. Commonwealth Financial Network does not provide tax or legal advice.

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Reviewing Marine Coverage With Your Agent



By [Chris Richmond, CIC, AAI, CMIP](#)
For [WorkBoat Magazine](#), April 2024

At a recent conference I was speaking to a new owner of a commercial passenger vessel. He had stayed with the former owner's insurance company and after reviewing coverages with the agent realized there were multiple gaps. While this was a beneficial meeting for the new owner, it revealed serious gaps in coverage for the previous. Here's a short list:

- **Changes in operation.** When the original policy was written, the vessel operations consisted of just day cruises. As the business grew so did the operations.

Multi-day overnight cruises were now standard. However, the policy warranties expressed day cruises and not overnight.

- **Changes in navigation.** While the vessel's normal cruising area had not changed, one thing that had changed was that the vessel was traveling to a festival in a city outside of its warranted navigational territory. Had there been a claim while en route to or while at this port, coverage would have been denied due to a breach of navigational warranty.
- **Propulsion** When the original policy was written, the owner had additional coverage for the small boat that he used in conjunction with his larger boat. The policy had a stated value and a description of both the tender as well as the outboard. When it was time to replace the tired old outboard with a brand new unit, the owner failed to pass this information along to his agent. While the tender was still insured it did not reflect the increased value of the new motor.
- **Extra crew.** The operator's policy has coverage for a stated number of crew. When the owner took the vessel on longer trips, he increased his crew count to better man the boat. What he didn't do was update his crew coverage on his policy. Had there been a crew claim and it was determined that there were more crew on the vessel than stated in the policy, he could have faced a penalty based on the percentage he under reported.

Insurance is one of the larger expenses that you have with your vessel and operation. You want to do all you can before a claim occurs to ensure that you get paid in the event of an accident.

Insurance claims should not be a roll of the dice: Take the time to review with your agent what you currently have and make sure to keep him or her up to date with any changes.

Announcing Three New Employee-Owners

Allen Insurance and Financial is pleased to announce the addition of three new co-owners – all licensed assistants in the company's personal insurance division.

[Kerin Lindahl](#) of Rockport: A graduate of Saint Anselm College, her previous experience is in banking customer service and education. She is based in Camden.

[Sophia Picard](#) of Bar Harbor: A graduate of the University of Maine in Orono, her previous experience is in education. She is based in Southwest Harbor.

[Angela Torell](#) of Tremont: A graduate of Baker College with a degree in business administration, Angela's previous experience includes non-profit administration and custom marine products. She is based in Southwest Harbor.