Planned Giving Topic of Workshop for Local Non-Profits

Allen Financial of Camden advisors and wealth managers Abraham Dugal and Sarah Ruef-Lindquist, JD, CTFA, were the featured speakers for United Midcoast Charities at Allen's offices in Camden in early February. They spoke about issues surrounding how to grow endowments through planned giving, when donors seek to provide long-term support through gifts that can be more complex than cash or marketable securities.

Participant groups at the presentation included Trekkers, Wayfinder Schools, Watershed School, Waldo CAP, Belfast Soup Kitchen, Speaking Place, Pen Bay YMCA, Ripple Initiative, Rockland District Nursing Association, Ecology Learning Center, Knox County Homeless Coalition, Window Dressers, AIO, Big Brothers Big Sisters, and Coastal Children's Museum.

Dugal and Ruef-Lindquist spoke about the policy foundations and recognition practices they view as necessary to have fiscally-sound and successful planned giving programs. Their backgrounds – hers as an attorney, financial and philanthropic advisor, trust officer – his as an investment manager – and both as board members contribute to their unique perspectives as advisors and fiduciaries and how they approach potential gifts through clients' estate and financial planning.

Given the unprecedented intergenerational transfer of wealth taking place in the United States, and the projections for gifts to non-profit organizations during the next 30 to 40 years in the trillions of dollars, organizations are well-served to pay greater attention to this area of resource development to build their long-term financial sustainability.

The Financial Advisors of Allen and Insurance Financial are Registered Representatives and Investment Adviser Representatives with/and offer securities and advisory services through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Adviser. Allen Insurance and Financial, 31 Chestnut Street, Camden, ME 04843. 207-236-8376.

Enews for Non-Profits, February 2019

The impact of 2017 tax reform on charitable giving and the rise of donor-advised funds. That and more in Sarah Ruef-Lindquist's latest enews for non-profits. http://ow.ly/xDjv30nHIEo
Want to subscribe? Email newsletter@allenif.com

Our AgencyDoes Not Make Robocalls

We have had a report of a customer receiving a robocall from (207) 596-2038, identifying as from "Allen Agency" and offering a free health exam. We would like to let you know that we are not making any such calls.

Making the Case for a Three- to Six-Month Reserve Fund

The news has been full of stories about the fallout from the federal government furlough while congress and the administration iron out a budget for 2019.

Sarah Ruef-Lindquist, JD, CTFA

Federal employees missing two paychecks as of this writing have reported that are not able to take a planned vacation, close on a house purchase or car, pay rent or mortgage, buy heating fuel or food, attend a loved one’s funeral, and the list goes on and on.

For people living paycheck to paycheck, life can become difficult very quickly with just one missed paycheck. Their plight reminds us all of advice someone may have given us as we were getting our financial lives started: “Always have 3 to 6 months of living expenses set aside, just in case!” but yet how many of us do?

You don’t need to be a federal employee to face this kind of interruption in your income. A lay-off, illness that keeps us from working, illness of a loved-one who needs our care are situations that can all prevent us from getting a pay-check and put our financial lives in jeopardy. If you are injured on the job, even worker’s compensation will usually only pay a percentage of your regular income. How would you make up the difference?

For those who are age 59 ½ or older, there is the option of dipping into retirement funds and paying any resulting income tax without an early withdrawal penalty, although we would always prefer to see those funds left alone that are in "qualified accounts" that are tax deferred. But for the rest of us, it would mean seeking deferral of loan or rent payments, forbearance from creditors, borrowing, and likely a significant curtailing of our lifestyle.

But it's not too late to start saving for that possibility. Make a point of putting at least 5 or 10% of each paycheck into a savings account, and if this can be done by your payroll service automatically, all the better. Once you get into the habit, you will find the account will grow and when you prepare your tax return each year, you can revisit whether those funds should remain in your "reserve" or if some may go into retirement funds and grow tax-free. And of course, paying off your credit cards every month is a good habit, too. An interruption in income will be much less painful if you can cover bills until your income resumes again.

As always, consult your financial and tax advisors before making any decisions concerning your investments or financial plans to be sure they fit within your overall, long-term financial and estate planning goals.

ATV Info – Is there an age

limit for operating an ATV in Maine?

Whenever you own and operate a motor vehicle, regardless if it is for recreation or normal transportation, it is critical to follow all of Maine's legal requirements, both for insurance coverage and for who rides (and operates) the vehicle.

With regards to ATVs, there are unique requirements specific to Maine, so if you've moved from out of state, or if you recently purchased such a vehicle, it is necessary to stay up to date on the latest regulations.

Age Requirements for Operating ATVs

In Maine, no person under the age of 10 may operate an ATV. Anyone younger than 16 must first successfully complete a training course approved by the state. They must also be accompanied by an adult.

Anyone under the age of 16 is not allowed to cross any public way outside of the purpose of crossing as directly as possible while ensuring it does not interfere with traffic approaching from either direction.

Insurance

It is important to have ATV insurance coverage. With potential roll overs, damaged fenders or vehicles submerged in water during operation, you do not want to be forced to pay for costly repairs on your own. ATV insurance may also cover theft, whether on your property or if you are towing it to a recreational location.

Registration

Just like with your automobile, you need to have an active registration on any ATV you own and operate.

Some costs to consider include:

- Resident registration is $33 annually
- Nonresident registration is $68
- Nonresidents may apply for a 7-day $53 ATV registration

There is also a free ATV weekend currently scheduled for Aug. 16-18, 2019.
To make sure you and your vehicle are properly protected, make sure to contact Allen Insurance and Financial for insurance quotes on your ATV.

What to do in Case of an Auto Accident

You're involved in an auto accident. It's a stressful time but it's important to remain focused and attentive or find someone who can do that for you.

It is imperative to attend to the injured first, move out of the right of way if possible, call 911 and wait for help.

As your insurance agency, we'd like to remind you about the importance of collecting information and documenting the scene. Here are some recommendations for steps to take in the time immediately after an auto accident.

Call the police, even if the accident is minor. A police report can be invaluable to the claim process and help establish who’s at fault.

Gather information from others involved in the accident:

- Drivers and passengers (names and contact information)
- Vehicle descriptions (make, model, year)
- Driver’s license numbers
- License plate numbers
- Insurance companies and policy numbers
- Eyewitnesses: names and contact information
- Accident scene location or address
- Police officer’s name and badge number

Also:

- Take photos of all vehicles involved and the accident scene, if it is safe to do so.
- Do not sign any document unless it’s for the police or your insurance agent.
- Be polite, but don’t tell anyone the accident was your fault, even if you think it was.

Later:

- Call your insurance company to start the claim process (even if nothing is ever filed).
- Notify your insurance agent as soon as possible.
- If a report is written, get a copy from the police department as soon as possible.

Year-End Financial Planning Checklist

As 2018 draws to a close, it's time to begin organizing your finances for the new year. To help you get started, we've put together a list of key planning topics to consider.

Savings and investments

Revisit your retirement contributions. Review how much you're contributing to your workplace retirement account. If you're not taking full advantage of your employer's match, it's a great time to consider increasing your contribution. If you've already maxed out your match or your employer doesn't offer one, boosting your contribution could still offer tax advantages. Now is also a good time to ensure that your portfolio allocation remains in line with your objectives.

Take stock of your goals. Did you set savings goals for 2018? Realistically evaluate how you did, and think about your goals for next year. If you determine that you are off track, we'd be happy to help you develop and monitor a financial plan.

Health and wellness

Spend your flexible spending account (FSA) dollars. If you have an FSA, those funds may be forfeited if you don't use them by year-end. (Some FSAs offer a 2.5-month grace period or the ability to carry over up to $500 into the next year; check with your employer to see if those options are available.) It's also a good time to calculate your FSA allotment for next year, based on your current account excess or deficit.

If you're not using an FSA, evaluate your qualifying health care costs to see if establishing one for 2019 would make sense.

Taxes, taxes, taxes

Manage your marginal tax rate. If you're on the threshold of a tax bracket, deferring income or accelerating deductions may help you reduce your tax exposure. It might make sense to defer some of your income to 2019 if doing so will put you in a lower tax bracket. Accelerating deductions, such as medical expenses or charitable contributions, into the current tax year (rather than paying for deductible items in 2019) may have the same effect. In addition, reviewing your capital gains and losses may reveal tax planning opportunities—for instance, harvesting losses to offset capital gains.

Here are a few key 2019 tax thresholds to keep in mind:

• The 37-percent marginal tax rate affects those with taxable incomes in excess of $510,300 (individual), $612,350 (married filing jointly), $510,300 (head of household),
and $306,175 (married filing separately).

• The 20-percent capital gains tax rate applies to those with a taxable income in excess of $434,550 (individual), $488,850 (married filing jointly), $461,700 (head of household), and $244,400 (married filing separately).

• The 3.8-percent surtax on investment income applies to the lesser of net investment income or the excess of modified adjusted gross income over $200,000 (individual), $250,000 (married filing jointly), $200,000 (head of household), and $125,000 (married filing separately).

Consider the benefits of charitable giving. Donating to charity is another good strategy for reducing taxable income. If you'd like to help a worthy cause while trimming your taxes, it's worth exploring your charitable goals and various gifting alternatives.

Make a strategy for stock options. If you hold stock options, now is a good time to make a strategy for managing current and future income. Consider the timing of a nonqualified stock option exercise. In light of your estimated tax picture, would it make sense to avoid accelerating income into the current tax year or to defer income to future years? And don't forget about the alternative minimum tax (AMT). If you're considering exercising incentive stock options before year-end, have your tax advisor prepare an AMT projection to see if there's any tax benefit to waiting until January of the following year.

Plan for estimated taxes and required minimum distributions (RMDs). When considering your taxes for 2018, be sure to take any potentially large bonuses or a prosperous business year into account. You may have to file estimated taxes or increase the upcoming January payment. If you're turning 70½, you'll need a strategy for taking RMDs from your traditional IRA and 401(k) plans.

Adjust your withholding. If you think you may be subject to an estimated tax penalty, consider asking your employer (via Form W-4) to increase your withholding for the remainder of the year to cover the shortfall. The biggest advantage of this is that withholding is considered as having been paid evenly throughout the year instead of when the dollars are actually taken from your paycheck. You can also use this strategy to make up for low or missing quarterly estimated tax payments.

Proactive planning

Review your estate documents. To help ensure that your estate plan stays in tune with your goals and needs, you should review and update it on an ongoing basis to account for any life changes or other circumstances. If you haven't done so during 2018, take time to:

- Check trust funding
- Update beneficiary designations
- Take a fresh look at trustee and agent appointments
- Review provisions of powers of attorney and health care directives
- Ensure that you fully understand all of your documents

Check your credit report. It's important to monitor your credit report regularly for suspicious activity that could indicate identity theft. Federal law requires that each of the nationwide credit reporting companies (Equifax, Experian, and TransUnion) provide you with a free copy of your report every 12 months, at your request.

Get professional advice. Of course, this list is far from exhaustive, and you may have unique planning concerns not covered here. As you prepare for the coming year, please feel free to reach out to us to discuss the financial issues and deadlines that are most relevant to you.

Whatever your planning may entail, we wish you a happy, healthy, and prosperous 2019!

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.

Is Snowmobile Insurance Required in Maine?

Like a car, you must register your snowmobile if you own it in Maine. When it comes to insurance, however, the law is much more flexible. In fact, there are no real Maine snowmobile insurance requirements or licensing requirements – only laws determining who can ride, as well as how and where they can ride.

That does not mean you should be without insurance coverage, though. Snowmobiles are not only fun and practical, but they can also be dangerous. Having the right insurance can protect you against major losses and financially devastating liability.

Third-Party Snowmobile Insurance Requirements
Even though the state does not require snowmobile insurance, you may still be required to purchase coverage from a third party.

For example, if you financed the purchase of your snowmobile, your lender will probably want you to purchase insurance that protects your sled against physical damages until your note is paid in full. If you store your snowmobile somewhere other than your home, the property manager may also require proof of coverage.

Types of Snowmobile Coverage
Snowmobile insurance is usually no more than a few hundred dollars per year, but it can save you tens of thousands of dollars in injury, property, and liability damages. Even the safest of drivers can fall through ice on their sled or run into a fence in poor visibility.

Depending on the terms of your coverage, your policy may protect you against a wide range of snowmobile-related claims, including:

- Collision damages
- Non-collision damages, such as fire or theft
- Injury to you and your passengers
- Victim medical expenses

- Property damage liability
- Legal fees if you are sued
- Judgments and settlements if you lose your defense

At Allen Insurance and Financial, we can help you assess your risks and examine various options to minimize your exposure to loss. For more information or to request your snowmobile insurance quote, contact our office today.

Your New Year's Resolution? Max Out 2019 IRA and Other Retirement Plan Contribution Limits

By Sarah Ruef-Lindquist, JD, CTFA

Sarah Ruef-Lindquist, JD, CTFA

The elimination of most pension plans, also known as "defined benefit" plans over the past 40 years has meant most working people must exercise some discipline to save for their own retirement and/or participate in plans like the 401(k), often an employer-sponsored plan, also known as defined contribution

plans.
According to the US Department of Labor, between 1975 and 2014, the number of defined benefit (more commonly called pension) plans in the private sector fell by 57% while the number of defined contribution plans increased by 208%. Limitations on what people can contribute annually to those plans has been static for five years. The amount of money people could contribute to their retirement plans with pre-tax dollars as of 2018 has not increased since 2013. However, the IRS has recently announced new limits on retirement plan contributions beginning in 2019.
If you haven't in past years, make 2019 the year you max out your contributions limits, saving more than before, and plan for your retirement future.
We will review the changes by types of plans:

- IRAs: For those under age 50, $6,000 may be contributed to an IRA, and for those 50 and older a $1,000 catch-up amount is also allowed for a total of $7,000.
- ROTH IRA contributions are phased out at higher levels, too. For single and head of household taxpayers, the amount is phased out between $122,000 – $137,000 of Adjusted Gross Income
- (AGI). For married filing jointly the phase-out range is $193,000 to $203,000.
- SIMPLE Plan contribution limits will be $13,000 with an additional $3,000 catch-up for those 50 and older.
- 401(k), 403(b) and most 457 Plans will have contribution limits of $19,000, with an additional $6,000 catch-up for those 50 and older.

2019 Retirement Plan	Types Amount of 2019 Limit	Age 50+ catch-up

IRA	$ 6,000	$1,000
SIMPLE IRA	$ 13,000	$3,000
401(k), 403(b) and 457 Plans	$ 19,000	$6,000
Defined Benefit Plan 415(b)(1)(A)	$225,000	
Defined Contrib. 415(c)(1)(A)	$ 56,000	
ROTH PHASE-OUT Single ROTH PHASE-OUT Married Filing Jointly	$120,000 – $137,000 $193,000 – $203,000	

Some Best Practices for Health Insurance Enrollment

Health insurance is a valuable benefit offered by businesses to their employees. You’re glad it’s there, but let’s be realistic – when it comes to the paperwork involved, we know many people would rather be doing something else. Here are some best practices to streamline your business’s health insurance enrollment.

1. Plan ahead by creating a realistic schedule for open enrollment by beginning with the end in mind.

Ideally, your open enrollment period should end no later than 30

days prior to the end of your plan year or renewal date. This kind of timely action builds in a buffer for delay or error in the process.
Once you determine the ending date of open enrollment, back up from there to schedule open enrollment meetings, print forms or materials, distribute or mail open enrollment packets, etc. We're here to help.
2. Collect all required information for each plan participant (employee or dependent).
This may include:

- Last Name, First Name and Middle Initial (exactly as provided in previous enrollments)
- Social Security Number (unique and accurate identifying information for each dependent)
- Address
- Date of Birth (unique and accurate identifying information for each dependent)
- Gender
- Hire Date (if an employee)
- Coverage Effective Date
- Product Coverage (Medical, Dental, Flex)
- Date of Termination, if applicable, and Reason for Term (especially needed for COBRA)
- E-mail address

3. Double-check all data. Accurate completion of all fields on any enrollment or waiver forms now saves time, delay and aggravation later. Insurance companies can use only the information they are given.
4. Educate employees about the guidelines of spending accounts associated with their health coverage. For example, FSAs are "use it or lose it" accounts, where contributions made to an FSA during a calendar year can be used only for eligible expenses incurred during the same year – unless your plan provides for

either a grace period or a carryover.

And – if your employees have flex debit cards, remind them to save all receipts for purchases made with the card as well as the cards themselves, even if the allocated FSA total amount has already been used.

Additionally, discussing these items with your agent can help with the decision-making process: Your budget for health insurance and contribution strategy (for the business and for the individual employee) and the health insurance networks the insured employees use or prefer to use.