# Last-Minute Charitable Giving Opportunities

December is the "giving season," when many people consider using their wealth to help others. Because of the urgent need for generosity presented by the COVID-19 pandemic, you may be looking for ways to stretch your charitable donations. As always, the use of tax-efficient giving strategies can help them go further.

This year, it's also important to be aware of the tax incentives for philanthropy included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The summary below explains how you can maximize these tax-efficient giving incentives during the final weeks of 2020. Two common vehicles for charitable planning—now and in the future—are also covered.**CARES Act Tax Incentives**

These incentives, which are set to expire on December 31, 2020, apply only to cash gifts to public charities made by individuals or corporations. Regarding your 2020 tax return, here's what you need to know:

**Are you taking the standard deduction?** If you're not itemizing, you can take an "above-the-line" deduction of up to $300 for cash gifts to charities. The amount you claim will reduce your adjusted gross income (AGI). What about married couples filing jointly? As of this writing, your deduction also seems to be limited to $300, according to IRS draft instructions.

**Are you itemizing deductions?** Typically, annual charitable deductions are capped at a percentage of a taxpayer's AGI. For individuals, this cap has been set at 60 percent since 2017. Under the CARES Act, however, you may deduct up to 100 percent of your AGI for gifts of cash to a public charity in 2020. This rule excludes gifts to a donor-advised fund (DAF). For corporations, the AGI cap for cash gifts, previously set at 10 percent, has been raised to 25 percent for the year.

- For both individuals and corporations, any unused deduction under this cap may be carried forward for five years, which can lead to the planning opportunities discussed below. The cap for gifts of appreciated assets has not changed.

**Planning Opportunities**

If you wish to fund large charitable gifts this year, the 100 percent AGI cap offers huge advantages. Here are several ways this incentive could help you manage high-income events:

- **Stock options and lump-sum payouts.** If you've exercised nonqualified stock options from your employer out of concern for market volatility or received a large lump-sum severance package as a result of a layoff, charitable gifts can help offset the tax burden.
- **Roth conversions.** If you'd like to make a large Roth conversion this year, you could also make a large charitable gift to offset the tax liability of the conversion. This strategy is especially beneficial because traditional IRAs have become a less attractive way to leave money to heirs since the 2019 passage of the SECURE Act, which requires most IRA beneficiaries to empty their inherited IRA within 10 years.
- **Business sale.** Let's say you have an expected AGI of $1 million this year due to a business sale. You could make a charitable contribution that would completely offset the year's income.
- **Combining gifts.** Although the CARES Act incentive applies only to cash gifts, the IRS does permit taxpayers to combine different types of gifts. For instance, you could

maximize your 30 percent AGI cap for gifts of appreciated assets. The 100 percent AGI cap would be reduced by that amount, but you would still be able to deduct another 70 percent of your AGI by making cash gifts.

**Qualified Charitable Distributions (QCDs)**

A QCD is a direct transfer of funds from an IRA, payable to a qualified charity. Although the CARES Act allows IRA owners to skip required minimum distributions (RMDs) in 2020, the rules for QCDs have not changed. If you own an IRA (including an inherited IRA) and are 70½ or older, you can make tax-free distributions of up to $100,000 payable to public charities (excluding DAFs).

Here are some ways a QCD could help control your income:

- If you decide to take an RMD this year (or must do so in the future), a QCD could be used to satisfy the distribution. This strategy would remove the tax burden associated with taking the distribution as ordinary income.
- A QCD is not reportable as part of your AGI, which limits its impact on the taxation of social security benefits.
- In future years, a QCD could also limit the impact of income on Medicare premiums, which are based on your AGI from two years prior.

**Charitable Remainder Trusts (CRTs)**

A CRT can help you (or your beneficiary) spread the tax liability on the sale of appreciated assets over many years. This may result in paying a lower overall effective tax rate. Let’s look at how this works:

- A CRT pays an income stream to a noncharitable beneficiary (or beneficiaries) for a term of years or for life. At the end of the income term, the remaining assets in the trust are distributed to a charity.

- When you move assets into a CRT, you receive a charitable contribution deduction based on the present value of the remainder interest set to pass to the charity at the end of the income distribution term.
- If you contribute appreciated assets (e.g., investment assets, closely held business interests, real estate, or collectibles), those assets can be sold without creating a tax liability to the trust itself.

As you can see, the primary benefit of a CRT is that the trust is exempt from taxes. But that does not mean taxes are entirely avoided for beneficiaries. In fact, the distributions to the income beneficiaries are taxable based on four buckets of income: ordinary income, capital gains, tax-free income, and return of principal. Each year, when the CRT makes its income distribution, it first pulls the funds available from accumulated ordinary income, such as interest and dividends, before distributing other types of income. The beneficiaries would be subject to the taxation rules in place for these types of income.

**Need Additional Information?**

If you’re interested in exploring these options, please contact me. We’ll talk through how these giving strategies can help you meet today’s urgent need for generosity—and further your visions for doing good.

*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.*

# How a Biden Administration Might Impact HR and the Workplace

While we don't have a Magic 8 ball, with a new Executive Administration, all signs point to changes to how you approach your human resources.  Our seasoned prognosticators have some insight for you.

Each presidential transition brings changes to the HR landscape. And the more prepared an HR team is, the easier it will be for them to succeed amid these changes. To that end, this article discusses potential changes employers can expect during a Biden presidency.

To read more, click the image at right to view the article (PDF) in a new window.

---

# OSHA Clarifies COVID-19 Reporting Requirements

The Occupational Safety and Health Administration (OSHA) has published two additional answers to its list of [COVID-19 frequently asked questions (FAQs).](#) The new answers clarify when employers must report COVID-19 in-patient hospitalizations and fatalities.[OSHA Clarifies COVID-19 Reporting Requirements]

---

# Maine Issues Rules Governing New Earned Employee Leave Law

LEGAL UPDATE

Maine Issues Rules Governing New Earned Employee Leave Law

Covered Employers and Employees

Notice and Leave Use Provisions

Highlights

Earned Paid Leave Law

Starting in 2021, Maine's Earned Employee Leave Law allows employees to earn paid leave that may be used for any reason.

Clarifying Regulations

The Maine Department of Labor has issued regulations that clarify the new law.

Leave Accrual

Along with other clarifications, the regulations address how the leave would accrue or be payable under various circumstances.

*Subject to certain limits, employers may require up to four weeks' advance notice of intent to use accrued paid leave.*

Beginning Jan. 1, 2021, Maine will require employers with ten or more employees to implement a paid leave policy for employees unless they are subject to a collective bargaining agreement. This new rule which allows eligible employees to earn one hour of paid leave that may be used for any reason for every 40 hours worked, up to 40 hours per year.

The new regulations, issued in September 2020, clarify certain provisions of the law. [You can learn more here.]

# The Value Checklists for Homeowners & Home Buyers

By Cale Pickford

*This article appears in the Fall 2020 edition of Maine Realtor Magazine.*

Cale Pickford

Even the most optimistic among us probably would not have forecast the current boom in residential real estate sales. A common refrain over these last months is that there is no better place to weather a global pandemic than Maine. People all over the country agree and more and more families are making the move and calling Maine home. With multiple offers, COVID-19 protocols, virtual showings and listing inventory at an all-time low, real estate agents have never been busier. Such a frantic pace makes it easy to forget important steps of due diligence and best practices. Checklists are an important tool to keep the agent organized and assist in reducing liability and provide better customer service.

There are numerous real estate agent checklists available online and in circulation at agencies. Keep in mind when using a checklist, that no detail is too small when it comes to due diligence. Working proactively will not only protect you from liability it will save you a lot time in the long run – a valuable asset in a hot real estate market. Of course, insurance should be on every real estate agent’s checklist and the following can serve as a list within your list:

## Location

The old adage that the three most important things in real estate are location, location and location is just as true for insurance underwriting. Many standard national insurance companies and direct writers do a great job insuring suburban homes but often cannot cover isolated, rural and coastal (in particular island) locations. If you are involved with a sale of a property with one or more of these attributes, makes sure the buyer is working early to secure homeowners insurance.

## Flood Plain Concerns

It’s logical to pair flood plain concerns with location, because flood plain issues can crop up with any property, not just waterfront homes. If you think there’s even a remote chance that a home could be impacted by the special hazard flood plain, you should pull the flood insurance rate maps or work with an insurance agent to provide a flood zone determination. The sooner flood plain concerns can be addressed, the more likely you’ll have a favorable outcome.

## Occupancy

Many people have decided to move to Maine full time but we’re still a state with one of the highest ratio of secondary homes to primary in the country. Secondary homes are always more complicated to insure than primary homes. In addition to having fewer insurers to choose from, owners of secondary homes may be required to install central fire, burglar and low temperature alarms, hire a caretaker, make sure the home is accessible year around, and winterize the plumbing.

## Business Pursuits

With more and more people working and learning from home, the lines between personal and business has been completely blurred, and in many cases, almost to invisible. Homeowners should review their plans to use their home for business with the insurer. Another timely consideration is home-schooling pods, a unique 2020 concern which should also be reviewed with an insurance agent for coverage considerations. Home-based businesses such as woodworking, bakeries, boat building, and any situations where clients regularly visit the home, can often disqualify one from a homeowner's policy all together.

## Renovations

It makes perfect sense to renovate a home immediately after purchase – just make sure that the buyer communicates their plans with their insurer. Especially with such limited inventory, buyers cannot afford to be picky so there's a strong likelihood someone will want to modify the home to suit their tastes and need. Depending on the extent of the renovation, a buyer might not even be eligible for a homeowner's policy. In an instance such as this, the buyer might need to secure a builders risk or course of construction policy which greatly limits coverage and often costs far more than the equivalent homeowners' policy.

## Vacation Rental

The pandemic has only accelerated the trend toward more and more families eschewing traditional hotels and inns for private vacation rental homes. To meet the demand, more and more homeowners are opening up their second and, in many cases, primary homes, to these weekly tenants. Using one's home this way can have significant implications on insurance.

It would be nice if only one of these items on the list would occur per closing, but it is often the case these issues come in twos or threes compounding the problem. Lists allow the real estate agent to keep on track and get ahead of issues before they threaten to derail the deal. Smooth deals mean happy clients which leads to more referrals.

---

# A Best Place to Work in Maine

Allen Insurance and Financial was recently named as one of the 2020 Best Places to Work in Maine.  This is the company’s ninth consecutive year on the list.

The awards program was created in 2006 and is a project of the Society for Human Resource Management – Maine State Council and Best Companies Group. Partners endorsing the program include: Mainebiz, the Maine State Chamber of Commerce and Maine HR Convention.

This statewide survey and awards program was designed to identify, recognize and honor the best places of employment in Maine, benefiting the state’s economy, its workforce and businesses. The 2020 Best Places to Work in Maine list is made up of 84 companies in three size categories: small (15-49 U.S. employees), medium (50-249 U.S. employees) and large (250+ U.S.

employees). With 70 employee-owners, Allen Insurance and Financial is in the medium size category.

Companies from across the state entered the two-part process to determine the Best Places to Work in Maine. The first part consisted of evaluating each nominated company's workplace policies, practices, and demographics. This part of the process was worth approximately 25% of the total evaluation.

The second part consisted of an employee survey to measure the employee experience. This part of the process was worth approximately 75% of the total evaluation. The combined scores determined the top companies and the final rankings. Best Companies Group managed the overall registration and survey process in Maine and also analyzed the data and used their expertise to determine the final rankings.

Allen Insurance and Financial will be recognized in the Oct. 19 edition of Mainebiz where the rankings will be released for the first time.

---

# 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.

# Despite Bumps Along the Way, Road to Economic Recovery Shows Promise

Halfway through 2020, we’ve already had enough news (and then some) to fill up an average year. So far, we’ve seen a pandemic explode—then moderate. The stock market crashed—then recovered rapidly. There were protests around the nation—and we don’t know what will come next there. In addition to these major events, politics has steadily become more confrontational, and we know it will likely get worse as we move toward the November elections.

Given the headlines, the key to figuring out what is likely to happen over the rest of the year is to focus on the most important trends, which for our industry means the coronavirus pandemic, the economic response to it, and the financial markets.

**Despite Rising Coronavirus Cases, Positive Economic Signs Emerge**
The real question about the coronavirus for the rest of 2020 is not if there will be a second wave, but whether it will be large enough to derail the economic recovery underway. So far, it does not look like it will. As of early July, we are seeing significant second waves in several states, and rising case counts in many others. It is quite possible we will see lockdowns locally, but a national shutdown looks unlikely, which should allow much of the recovery to continue. Although there are risks to that outlook, it remains the most probable case for the rest of the year.

Despite the rising case counts, the economic reopening is making solid progress. Job reports so far have indicated the damage has peaked and many have returned to work, leading to a bottoming out and rebound in consumer confidence. Surprisingly strong consumer spending data has validated this, as consumers spend only when employed and confident. Business confidence has rebounded as well, bringing it close to or above pre-pandemic levels.

The recovery has benefited from two major factors. First, the virus was brought under control faster than expected. Although that improvement has paused—we are seeing localized outbreaks in several states and rising case counts in others—the spread of the virus remains moderate in much of the country. Second, the Federal Reserve (Fed) provided substantial monetary support at the same time the federal government provided trillions in stimulus payments. The combination acted as life support until the economy could reopen, and that life support appears to have worked.

Financial markets have also responded to the surprisingly positive outcome so far. After an initial drop and what looked like an impending depression, they recovered strongly because of federal support and control of the virus.

Looking forward, while the risks of a national resurgence remain, the more probable outcome is that localized outbreaks will be contained as local authorities take appropriate measures. Even if cases increase nationally, the bulk of the damage will likely be confined to a limited number of states. Local shutdowns are to be expected as states respond, but we are still far away from even considering national measures, which means the economic recovery is likely to continue through the end of the year.

In fact, it may accelerate. So far, many metrics have recovered much faster than expected. Mobility data is already above pre-pandemic levels, while consumer spending has regained a substantial share of its losses. Auto sales and the housing industry have also shown significant bounces. Overall, for much of the economy, if we trend the recovery over the past several weeks through the end of the year, we could be close to where we were at the start.

Chances are that won't happen, of course, and setbacks are likely. Still, based on the data so far, the chances of continued improvement look to be well supported. If we do suffer setbacks, the government is likely to provide more stimulus to close the gap. All in all, these trends should counteract any damage.

**With Recovery Expected, Markets Are Holding Steady**

This is exactly what financial markets are expecting—continued progress on controlling the virus and a smooth economic recovery. Markets have returned close to pre-pandemic highs, and, despite some recent volatility, are holding steady even in the face of state outbreaks and fears from the Fed. Markets expect a positive outcome across the board, and that remains very possible.

The expectation that everything will proceed smoothly, however, limits potential appreciation through the end of the year. With all the good news priced in, valuations are quite high—the highest level in the past decade based on expected earnings. For markets to appreciate beyond that, things have to go even better than expected, which will be difficult.

Markets, for example, now expect earnings for S&P 500 companies to rebound to levels we saw in 2019, which would be an amazing recovery. Stocks, however, are well above the levels we saw then—which also suggests limited future appreciation. A great deal of good news is already priced in, which means there are downside risks if things do not go as well as expected.

Looking at the numbers, the economy will still be in recession in the third quarter but should recover substantially from what looks to be a very weak second quarter. The fourth quarter should see the economy close to breakeven, with the very real prospect of a return to growth at the start of next year.

The stock market, in the form of the S&P 500, will likely finish the year around current levels, maybe a bit higher. Interest rates will remain low, as inflation remains under control and the Fed refrains from any increases.

**Positive Momentum Should Continue Through 2020**

The story for the rest of 2020 is continued healing—from the pandemic, economic damage, and market turbulence. Although real risks remain and setbacks are inevitable, the outlook is positive. For the coronavirus, we know what to do and are addressing renewed outbreaks. For the economy, the current momentum should keep us improving through the end of the year. And the market's confidence in a positive outcome is a good sign for the future.

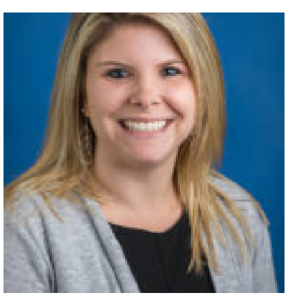
Despite the headlines, despite the risks, and despite everything, we move into the second half of the year in a better place than anyone expected a couple of months ago. That is a very good place to start.

*Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. Diversification does not assure a profit or* *protect against loss in declining markets. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. Emerging market investments involve higher risks than investments from developed countries, as well as increased risks due to differences in accounting methods, foreign taxation, political instability, and currency fluctuation.*



---

# Meesha Luce Earns Safeco Insurance® Award of Excellence for Superior Underwriting Skill



Meesha Luce

Meesha Luce, ACSR, a personal insurance account executive with Allen Insurance and Financial has earned the Safeco Insurance Award of Excellence, an honor recognizing superior underwriting skill.

This is Luce’s sixth consecutive year earning this recognition, which is achieved only by a select group of agents across the country who sell Safeco Insurance.

“Meesha is part of a personal insurance team working hard every day to make sure we deliver the highest level of service to our customers. We are all very proud to say that Meesha is again part of this elite group of insurance agents honored by Safeco,” said Michael Pierce, president of Allen Insurance and Financial.

The Safeco Award of Excellence honors outstanding agents who have developed a solid underwriting relationship with Safeco and whose agencies have qualified for the Safeco Insurance Premier Partner Award, the company’s top recognition program. Fewer than 10% of agencies who sell Safeco have agents who receive this award.

Luce, a resident of Jefferson, joined Allen Insurance and Financial in 2006. She has been a member of the Maine Insurance Agents Association Young Agents Committee since 2013, was named Maine’s Young Professional of the Year in 2017 and is the vice chairman of the Maine Young Agents Committee.

Allen Insurance and Financial is a multi-year President’s Award and Premier Partner agency, recognition given only to the best independent insurance agencies that sell Safeco. Safeco is a Liberty Mutual Insurance company.

---

# Insurance Superintendent Says

# Even Mainers Outside of Flood Zones Should Consider Flood Insurance

*From the Maine Bureau of Insurance, 6/1/2020*

With the National Oceanic and Atmospheric Administration (NOAA) predicting more named storms, more hurricanes and more major hurricanes during the 2020 Atlantic hurricane season, Maine Insurance Superintendent Eric Cioppa strongly recommends that all Mainers consider purchasing flood insurance, even those who live outside of federally designated flood zones.

The Federal Emergency Management Agency (FEMA) reports that in recent years hurricanes have caused above average flooding, with more than 40% of flood claims submitted from outside of high-risk flood areas between the years 2014 and 2018.

“No matter where we live, it’s important that we all understand our flood risk, and what it could cost us,” Cioppa said. “Don’t wait until there’s an imminent threat. Now is the time to call your agent to get a quote and purchase coverage. You can purchase a flood insurance policy at any time, but there is usually a 30-day waiting period for coverage to take effect.”

Mortgage lenders generally require homes in flood zones to have flood coverage, but it is usually an optional purchase for all others. Many people assume incorrectly that their basic homeowners or renters insurance policy will cover damage from flooding, but flood coverage must almost always be purchased separately.

A homeowners or renters policy may pay for water damage inside a house, such as damage from an ice dam or a burst pipe, but it will usually not pay for unusual or rapid accumulation or runoff of surface waters, such as those caused by snowmelt or torrential, soaking rain.

The Atlantic hurricane season officially runs between June 1 and November 30 each year.

Recommended related resources include:

Flood Insurance: Details are available from the National Flood Insurance Program (NFIP) by calling 1-800-427-4661 or online at https://www.floodsmart.gov.

Inventory Checklist: A checklist can help establish an insurance claim. Start one at https://www.maine.gov/insurance/consumer/individualsfamilies/homeownersrenters/homeinventorychecklist.html and keep a hard copy in a secure location away from your home, with insurance policies, medical records, and other important documents.

Emergency Preparedness: For information about preparing yourself and family for emergency situations, such as floods, storms, power outages and home fires, visit https://www.ready.gov/ The Maine Emergency Management Agency (MEMA) provides Maine specific information at https://www.maine.gov/mema/maine-prepares/.

Consumers with questions about insurance matters can obtain information and assistance from the Maine Bureau of Insurance by visiting maine.gov/insurance, calling 800-300-5000 (TTY 711), or e-mailing Insurance.PFR@maine.gov