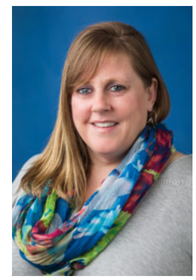
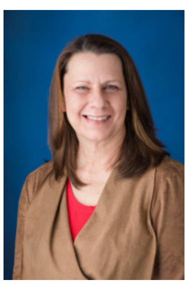
Jen Fifield and Valerie Robinson Earn Certified Professional Insurance Agent Designation



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.

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.

A New Law in Maine: Paid Family and Medical Leave Act

Sherree L. Craig, CEBS

By Sherree L. Craig, CEBS

In 2023, the Maine Legislature passed "The Maine Paid Family and Medical Leave Act." This law will apply to all employers except for the federal government, tribes, and self-employed persons. This insurance program is still in development and, as of this writing, is going through the state's rulemaking process. What we know now are some of the basics, including:

• Eligible workers will have access to 12 weeks of paid leave per year beginning in May 2026. The benefit will be up to 90% of the employee's average weekly wage. Higher wage earners will cap at 50% of Maine's average weekly wage (currently $1,103.71).
• The employer and employees will pay for the benefits through a shared payroll tax of up to 1% of earnings. The tax will start Jan. 1, 2025.

• Employers with more than 15 employees will pay 1% of wages, but employers can share this cost 50/50 with the employees.
• Employers with less than 15 employees contribute .05% of wages but can deduct the entire amount from the employees' wages.

• Eligible leaves include:
o Caring for a family member
o Bonding
o Medical
o Military caregiver
o Safe leave (domestic violence, stalking, human trafficking, etc.)

We will follow the progress of the rulemaking process and provide further updates. Many of our partner insurance companies plan to design programs to complement the state's final requirements, as many individuals will lose income protection due to the benefit thresholds set by the program.

Tracking Near Misses and Building a No-Blame Culture of Safety

Dan
Bookham

By Dan Bookham for WorkBoat Magazine

An accident near miss, also referred to as a close call, or near accident, is an event that happens in a shipyard or on board that has the potential to cause injury or damage, but luckily doesn’t. Imagine someone almost getting hit by a swinging crane hook – that would be a near miss. By recognizing and recording these close calls, shipyards and vessel operators can learn from them and prevent future accidents.

The best in the business track accident near misses for a very important reason: Prevention. Near misses are warnings, pure and simple. By tracking these close calls, you can identify weaknesses in safety protocols before an accident happens. These brushes with disaster reveal root causes. Was it a faulty procedure? A communication breakdown? Uneven training? By understanding the why, you can take corrective actions to prevent similar situations from happening again. Talking openly about near misses is also a feature of a proactive safety culture. This can lead to a more vigilant workforce and a safer work environment overall.

Employers in shipyards and on vessels (and any workplace, really) can encourage near miss reporting through a two-pronged approach: Fostering a culture of safety and making the reporting process itself convenient and positive. This takes leadership commitment to prioritizing safety and being visibly involved in safety initiatives, as well as a willingness to address concerns.

Making the most of near misses also requires a no-blame environment. Employees should feel comfortable reporting near misses without fear of punishment or being seen as incompetent.

Emphasize that near misses are valuable information for improvement, not opportunities to assign blame. Recognize and appreciate employees who report near misses. This can be done through public praise, rewards programs (avoiding rewards based on quantity of reports), or simply by expressing gratitude. Encourage open communication about safety by regularly discussing safety procedures, hazards and near misses in safety meetings or training sessions.

Provide an easy-to-use reporting system, whether it’s paper forms, a mobile app, or an online portal to allow for ease of reporting and different styles of communication. Make sure it’s accessible both during and outside work hours for better recall of events. Offer options for anonymous reporting if employees prefer it. This can help those who are still hesitant to come forward as you build your safety culture. Minimize the amount of information required to report a near miss while still capturing the necessary details. Finally, be sure to communicate the results of near-miss investigations and the corrective actions taken and display gratitude for the heads up. This shows employees that their reports are valued and acted upon, encouraging future participation.

By combining these approaches, employers can create a safe space for employees to report near misses, ultimately leading to a safer work environment for everyone in the shipyard or on board. In essence, tracking near misses is like catching a fire before it engulfs the whole building. It’s a proactive approach to safety that can save lives and prevent costly accidents.

Jaime Hannan Earns Certified Professional Insurance Agent Designation

Jaime Hannan, ACSR, a member of the personal insurance team at Allen Insurance and Financial, has 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.

Hannan holds an Accredited Customer Service representative (ACSR) designation. A personal insurance assistant based in Rockland, she joined Allen in 2017.

“All of us here at Allen are incredibly proud of Jaime’s professionalism and commitment to both customers and community,” said Scott Carlson, personal insurance director at Allen Insurance and Financial.

Retirement Planning: It's More Than Just Having Your Financial House in Order

Sarah Ruef-Lindquist, JD, CTFA

By Sarah Ruef-Lindquist for Pen Bay Pilot
A recent program presented by The Hartford entitled *Helping Clients through 8,000 days of Retirement* suggested an interesting approach to thinking about one's retirement years, and the careful planning for it that should take place. For many, the primary preoccupation is whether they will have enough financial resources; every day I hear people express the concern that they not "outlive their money", an understandable concern.

The presentation was based on work done at the MIT Age Lab, which works with financial services companies to help inform the work of retirement planning, in addition researching and finding ways to address other areas related to the physical, mental and emotional aspects of aging.

The presentation included a review of the first 8,000 days of one's life, focused on education; the second 8,000 days focused on growing as a person; the third 8,000 days focused on maturing and the final 8,000 days focused on exploring, which coincides with what for many as retirement years. 8,000 days is about 22 years, so retirement comes in this model around age 66.

Initial retirement years tend to be dominated by several factors that change over time; relatively good health and increased unscheduled time.

Often there are psychological issues that come from having more free time, so thinking ahead about how one plans to spend time is important; for many, travel and spending more time with family and on hobbies is part of the plan. For some, this involves moving to another part of the country to be closer to the ocean, or the mountains, or to children or grandchildren. These choices involve financial considerations as well, of course, but also can lead to a different lifestyle than the one to which one may have been accustomed before retirement and therefore require adjustment.

Health issues play a role more and more as the years progress, so thinking about how one will adapt to these changes and possible challenges is appropriate, too.

The recent pandemic taught us that social isolation can be detrimental to one’s health. Planning for maintaining a healthy or even robust social life is important.

For the presentation, planning for later years of retirement, these issues boiled down to three questions: How will you change a light bulb? How will you get an ice cream cone? With whom will you have lunch?

Each one is remarkably insightful. Maintaining a household is more than just being able to afford it the way you live in it now. When you can’t get on a ladder to change a lightbulb or clear a gutter, do you have access to (and perhaps can pay for) someone else to do it? This kind of question can lead to decisions about downsizing or moving to places where that kind of maintenance is provided.

The question about ice cream cones related to mobility; when you are not able to drive, how will you get an ice cream cone? If you remain ambulatory, how far would it be to walk? Driving ability plays a very large role in many retiree's quality of life and choices.

Lastly, with whom will you have lunch? This points to the issue of social connections. For many, initial retirement means having lunch with a spouse or life partner instead of having lunch with coworkers, clients or at one's desk. People can also have a social network through work that they lose touch with in retirement. This may suggest to us that we need to build a new social network, or work on another one we already have to help us maintain social connections. However, given the longevity difference between men and women, there are many women who outlive male spouses or partners and have to learn to build a social network that they might not have had while their spouse or partner was still living. Of course, the same can be true for men. Building and constantly nurturing a social network can help to provide the kind of social connections that are beneficial to us as we age no matter what gender.

So yes, not outliving your financial resources is very important, but so are other aspects of our lives in retirement that require thoughtful, careful and intentional planning. A conversation with your financial advisor could be helpful to access some of the resources in your community to help you plan what could be the best 8,000 days of your life.

DOL Issues Independent Contractor Final Rule

In early January 2024, the U.S. Department of Labor released a final rule, effective March 11, revising the agency’s guidance on how to analyze who is an employee or independent contractor under the Fair Labor Standards Act. This new rule restores the multifactor, totality-of-the-circumstances when determining whether a worker is an employee or independent contractor under the FLSA. We have a PDF offering you more details, including a description of the 2021 rule and the new rule issued in 2024.

The final rule analyzes all six economic realities test factors without assigning a predetermined weight to a particular factor. Click here for the PDF.

And here is a link to the Maine Workers’ Compensation Board web page – with additional resources and an FAQ page.