# How to Ensure That You’re Financially Prepared for an Emergency

When you’re starting a business, a family, or any other major life endeavor, you try to think of every risk so you can plan a strategy to put yourself on a path to success. Unfortunately, hardships aren’t always predictable, and certain ones, such as man-made or natural disasters, can wreak havoc on well-laid plans. According to FEMA’s 2019 Emergency Financial First Aid Kit brochure, roughly 40 percent–60 percent of businesses affected by major disasters never reopen.

Natural disasters, man-made disasters, and business disruptions have at least one thing in common: time is never on your side when you’re reacting. Remember Murphy’s law: anything that can go wrong will go wrong. During a crisis, you’re lucky if you have a few seconds to take a breath and react, so it’s critical to consider your financial readiness. As the Roman philosopher Seneca said, “Luck is what happens when preparation meets opportunity.”

Why Financial Preparedness Matters

Financial preparedness is much more than storing extra cash under your mattress. It’s about creating a plan to help you navigate unexpected financial challenges, which can help you:

- Remain calmer. Knowing that you have a plan to cover immediate needs and recover financially can alleviate stress and anxiety in times of crisis.
- Recover more quickly. Quick access to funds can speed recovery following an emergency or disaster. This can be especially important when a repair or medical attention is urgently needed.

• Prevent debt. Without proper financial preparedness, you might be forced to rely on high-interest credit cards or loans to cover expenses. This can lead to debt accumulation.

Steps to Becoming Financially Prepared
The nonprofit organization Operation HOPE has partnered with the Federal Emergency Management Agency (FEMA) to create the Emergency Financial First Aid Kit (EFFAK) to help people and businesses organize financial, medical, and household contact information that is often necessary to begin the recovery process after a disaster. The EFFAK provides lists of vital documents in categories such as household identification, financial and legal documentation, medical information, and household contacts. Having this information in one place, in a safe and accessible location, will set you on the road to recovery as soon as possible.

FEMA also offers recommended steps for financial preparedness. Unsurprisingly, the first one involves completing and dating all EFFAK forms. Learn how to prepare yourself.

• Assess and compile: Gather important financial documents and contacts and complete all EFFAK forms. Be sure that you have original versions of your documents; otherwise, reach out to the proper agency to request a copy.
Consider switching from paper checks to electronic transfer or direct deposit wherever possible. You can do this for federal benefits through Go Direct. Contact your employer to have your paychecks deposited directly into your bank account. In addition, it’s wise to print or download copies of autopay bills, such as rent or mortgage, utilities, loan payments, or membership fees.

Store cash in different denominations in a safe location where you’ll keep your EFFAK forms. In case ATMs aren’t working or banks are closed, you should have enough money (at minimum) for gas, food, and other daily necessities. Think about how many days or weeks during a crisis you’d like to sustain your current lifestyle and keep enough cash on hand for that period.

• Review: Go over your insurance policies and financial paperwork to ensure that they remain accurate and current. This includes verifying that your current homeowners’ insurance, auto insurance, and/or renters’ insurance policies are up to date. The EFFAK will help you clearly see any personal documents or insurance policies you might need or want to set up.

• Safeguard: Store paper copies of your documents in a fireproof and waterproof box or safe, in a bank safe deposit box, or with a trusted friend or relative. If you’re using a safe deposit box, you may want to confirm who can and cannot access the safe deposit box if the owner dies or cannot access it due to illness. Electronic copies of important documents should be stored in a password-protected format on a removable flash drive or external hard drive in your fireproof and waterproof box or safe.

You may want to provide your lawyer, financial advisor, or trusted family member or friend with a paper copy of your EFFAK in a sealed envelope. Provide instructions that they should open the envelope only with your approval or the approval of someone you have chosen in the event you cannot make decisions on your own.

• Update: Revisit your EFFAK on a regular basis to determine whether any information needs updating. Suggested times to review it include tax preparation time, the beginning or end of daylight saving time, your birthday, and the start of a new year. Any of the following events should prompt you to change your EFFAK as soon as possible:

o Change of insurance
o Change of residence
o Purchase of new home or rental of new apartment
o New bank account
o Change in marital status
o Birth or adoption of child
o Change in your child’s school
o Retirement planning
o Death in household

How to Stay Safe from Scams
Unfortunately, natural disasters and other emergencies inspire fraudsters to take advantage of those in difficult or desperate situations. In addition to being financially prepared to handle the aftermath of an unexpected crisis, you should be aware of red flags that might indicate a scam, including:

• Up-front fees. Help with claiming services, benefits, or loans should not require payment in advance.
• Door-to-door repair sales. These types of salesmen should be thoroughly vetted and should trigger suspicion, especially if they ask for advance payment or offer steep discounts.
• People asking for personal information or payment without credentials. Never give out personal information to people you don’t know, including over the phone. Con artists may attempt to pose as government employees, insurance adjusters, or bank employees. Call these agencies back at a verified number before disclosing any information.
• A sense of urgency. Be suspicious of those who claim to want to help but warn that there is a limited-time offer or pressure you to sign on the spot. You need time to thoroughly review and process anything presented to you. Consult a trusted friend, relative, lawyer, or advisor.

Of course, we hope you never find yourself in a situation where you need to reference these tips, but it’s best to be prepared. If you have questions about financial preparation for an emergency or the information in this article, please reach out to us by phone or email.

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# Management’s Key Role in Workplace Safety

By Daniel Bookham for WorkBoat Magazine

We have all heard it a thousand times: Management engagement is essential for the success of any safety program. I dare say we all agree, at least conceptually, but like many noble ideas it doesn’t always survive first contact with the buzzsaw of daily operational priorities. What if we took this statement out of the ongoing grind and put it on the pedestal where it belongs? What if instead of treating management's role in safety as an operational question we made it central to the values of the organization?

Elsewhere in our businesses we know that the captain, owner, CEO or senior management team define the desired culture of a company and cultivate it through leadership actions including setting objectives, strategies and key results that prioritize culture-building; these same people design the organization and its operational processes to support and advance the company's purpose and core values. The mindset shift for those who have yet to put management's role in safety front and center is therefore simple: Make it a core cultural value.

When management is engaged, it sends a clear message to employees that safety is a top priority. This can lead to several benefits, including reduced accidents and injuries, increased productivity, improved morale, reduced costs and – often overlooked – an enhanced reputation for safety and quality among peers, customers, regulators and insurance companies.

The philosophy and culture aspects are all well and good – but what about the how? To that end, here are some specific examples of how management can engage in safety programs.

Management can:

- **Set a clear safety culture** by consistently communicating the importance of safety to employees. This can be done through regular safety meetings, safety posters and other communication channels.
- **Provide regular safety training to employees** to help them learn about the hazards in their work environment and how to prevent accidents. This training should be tailored to the specific hazards that employees face.

- **Ensure that safety is a part of performance reviews** by including safety goals in employee performance plans. This will help to ensure that employees are held accountable for their safety performance.
- **Hold employees accountable for safety** by enforcing safety rules and procedures. This will help to ensure that employees are aware of the importance of safety and that they are taking steps to prevent accidents.
- **Create a culture of open communication** by encouraging employees to report safety concerns. This will help to identify and address potential hazards before they cause accidents.
- **Reward employees for safe behavior** by recognizing them for their efforts. This will help to encourage employees to continue to practice safe behavior.

By taking these steps, management can create a safe and healthy workplace for all employees.

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# The tax reform provisions of the Tax Cut and Jobs Act don’t expire until the end of 2025…here’s why you might want to act sooner, rather than

# later, in anticipation of future changes

Sarah Ruef-Lindquist, JD, CTFA

By Sarah Ruef-Lindquist, JD, CTFA
For Pen Bay Pilot

Tax legislation is often written and enacted to sunset on a date certain…"kicking the can" of tax policy down the road for future legislators and administrations to wrestle over…and leaving some uncertainty for the purpose of planning for taxpayers.

The Tax Cuts and Jobs Act (TCJA) of 2017 is no exception. Significant changes could be on the way then or even beforehand – if Congress acts before the sunset date of 12/31/2025.

For many, the most significant parts of the TCJA were the changes in tax brackets and rates, increase in the standard deduction, and changing the threshold for capital gains taxes to benefit high-income taxpayers. Also significant for the wealthy was the doubling of the lifetime exclusion amount for gifts and the estate tax exemption (both went from over $5 million to over

$11 million). This allows the wealthier among us to give away or own at death twice as much as previously possible without transfer taxes due.

It is possible that when the TCJA provisions expire, the tax provisions will revert back to where they were before TCJA…so what might one consider doing before those provisions expire or other changes take effect?

With income taxes potentially increasing across the board, accelerating income if possible into a year while the TCJA rates apply may be advisable. This could pertain to payments due from others under installment sales contracts or other types of arrangements, like rents or royalties.

It also can mean taking advantage of potentially favorable-by-comparison capital gains treatment with a current low 15% rate applying to those with taxable income between $44,625 per year ($89,250 for married filing jointly) and $492,300 ($553,850 for married filing jointly) and no capital gains for those earning below those lower threshold amount. Many experts believe these rates will increase, and their applicability reach more taxpayers at lower income levels. Considering harvesting capital gains sooner, rather than later, could mean lower capital gains taxes than waiting.

Making gifts without having to report them for gift tax purposes and minimizing exposure to estate tax can be accomplished. The current annual gift exclusion is $17,000 for individuals and $34,000 for married couples for gifts per done. In other words, a taxpayer or a couple can make gifts in those amounts to one or more individuals. If a married couple makes 4 annual exclusion gifts – one to each of their 4 children – they can reduce their estate by $134,000 each year.

There are other possible strategies to address the potential increase in income, gift and estate taxes and in all cases one should consult with their own financial, tax and legal advisors before taking any action. But the time to consider this is now, before any changes take effect.

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# Patrick Chamberlin, CIC, Earns Property & Casualty Consultant's License

Patrick Chamberlin, CIC

Patrick Chamberlin, CIC, a member of the business insurance team at Allen Insurance and Financial, is now a licensed property & casualty insurance consultant in Maine.

"This is an outstanding achievement by Patrick and it is a testament to his tenacious commitment to professional development," said Dan Bookham, senior vice president for business development at Allen.

Bookham notes that the number of licensed insurance consultants in Maine is very limited, and Allen Insurance and Financial now has five: Patrick joins Anna Moorman, Dan Wyman, Sherree Craig and Lee Cabana, all of whom have their life & health consultant licenses.

“This new license for Patrick means we can now make additional services and support available to our property, liability, and workers compensation customers on a consultancy basis as well as in the traditional agency model,” said Bookham.

Chamberlin has been with Allen Insurance and Financial since 2019. He is active in the community as a Rotarian, a member of the Dupont Community Advisory Panel, both in Rockland. He also serves on the board of directors of the Pope Memorial Humane Society in Thomaston. Chamberlin’s full bio is on the Allen website at AllenIF.com/PatrickChamberlin.

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# Welcoming Nichole Kindelan to Our Business Insurance Team

Nichole Kindelan, CIC, ACSR, CPIW, became an Allen employee-owner in August 2023.

Nichole Kindelan

A native of Caribou, Maine, Nichole is a graduate of Northern

Maine Technical College.

With 25+ years of experience in our industry, Nichole’s passion is building lasting relationships by working with businesses on their insurance needs so they can focus on running their business.

She says: “I love learning the background of businesses and their owners and why they love what they do so I can best work with them as their business needs grow and change. It is very important to make sure they have the right coverages in place to properly protect their business exposures through all stages.”

Throughout her insurance career, Nichole has embraced the value of continuing education. Her professional designations include Certified Insurance Counselor (CIC), Accredited Customer Service Representative (ACSR), Certified Professional Insurance Woman (CPIW). This demonstrates her commitment to her insureds and staying properly educated.

Outside of work Nichole enjoys running, hiking, volunteering in her community and spending quality time with family and friends.

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# Proud to be a Best Place to Work in Maine

Allen Insurance and Financial has again been named one of the Best Places to Work in Maine. This is the company’s 12th consecutive year on this list.

“We are honored and grateful to be a Best Place to Work in Maine again this year,” said Michael Pierce, company president. “We participate in this program because it helps us learn from our employees. Their feedback is invaluable because it helps us identify where we excel, and, most importantly, where we can improve – for our employee-owners and, ultimately, for our customers.”

The Best Places to Work in Maine program was created by the Maine State Council of the Society for Human Resource Management, Best Companies Group, and Minneapolis-based BridgeTower Media, with the winners published by Mainebiz.

The program consists of two surveys. An employer survey accounts for 25 percent of the total evaluation while another survey measures the employee experience, and accounts for the remaining 75 percent. The combined scores determined the top companies and the final rankings, which will be announced in October.

The Best Places to Work in Maine list is made up of companies in three size categories: small (15-49 U.S. employees), medium (50-249 U.S. employees) and large (250+ U.S. employees). With its 95 employee-owners, Allen Insurance and Financial is in the medium size category.

# Letter to Our L.S. Robinson Co. Clients

Dear Valued Client,

We have some exciting news to share: We are changing our name from L.S. Robinson Co. to Allen Insurance and Financial.

What remains the same is our dedication to our customers. Your team—the experienced, capable professionals dedicated to serving your insurance needs—is unchanged.

So while we might have new email addresses and new letterhead, our team is as dedicated as ever to offering knowledgeable advice and to providing the great service you expect and deserve.

As a 100% employee-owned company, we are dedicated to doing our very best to help you navigate the complex world of insurance and financial services. We are proud to be part of one company, with one name and six office locations to serve customers in Maine and around the world.

L.S. Robinson has been a part of Allen since 2010—so this name change is a long time in the making. All of us are proud of the century's worth of L.S. Robinson Co. history in Southwest Harbor. As Allen Insurance and Financial, we look forward to doing business with the same heart-felt dedication to our customers and our community.

We wouldn't be here without you—we're ever grateful for your business and look forward to serving you for many years to come. And remember, whenever you call any of us at Allen Insurance and Financial, you are talking with an owner of the company.

With best wishes,

Amanda Corson, Lucas Dunbar, Bonnie Lewis, Theresa Mitchell, Cindy Murphy and Holly Shields
August 2023

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# Letter to our GHM Agency Clients

Dear Valued Client,

We have some exciting news to share: We are changing our name from GHM Agency to Allen Insurance and Financial.

What remains the same is our dedication to our customers. Your team—the experienced, knowledgeable professionals dedicated to serving your insurance needs—is unchanged.

So while we might have new email addresses and new letterhead, our entire team is as dedicated as ever to offering knowledgeable  advice and to providing the great service you expect and deserve.

As a 100% employee-owned company, we are dedicated to doing our very best to help you navigate the complex world of insurance and financial services. We are proud to be part of one company, with one name and six office locations to serve customers in Maine and around the world.

You may know that GHM has been a part of Allen since late 2021. We take great pride in GHM's 100+ year history in Waterville, and as Allen Insurance and Financial we look forward to maintaining the tradition GHM has built over the years by doing business with the same heart-felt dedication to our customers and the community.

We wouldn’t be here without you—we’re ever grateful for your business and look forward to serving you for many years to come. And remember, whenever you call any of us at Allen Insurance and Financial, you are talking with an owner of the company.

With best wishes,

Arielle Roy, Bill Rafuse, Chad Roger, Cori Cote, Debbie Tracy, Diane Guerette, Gaye Perry, James Sanborn, Jen Graf, Karen Redman, Laura Rowe, Lee Cabana, Linda Garceau, Martha Wentworth, Mary Allmendinger, Melissa Davenport, Melissa Strout, Mindy Maheu, Myranda Dodge, Sasha Rumpf and Wendy VanAntwerp

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# Theresa Mitchell Earns ACSR Designation

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Theresa Mitchell, a business insurance account manager at Allen Insurance and Financial, recently achieved the designation of Accredited Customer Service Representative in Commercial Lines from The Institutes, an insurance education organization.

Mitchell joined Allen in 2016. She is based in our company's Southwest Harbor office.

ACSR courses help insurance professionals advance their skills, build knowledge and stay ahead of evolving trends so they can better serve their customers. Allen Insurance and Financial encourages all of the company's employee-owners to include continuing education as part of their professional development goals.

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# Everything You Need to Know About Trusts

You may have heard the term discussed in financial advising or estate planning conversations, but what exactly is a trust? In the most basic terms, a trust is a legal arrangement in which assets are held for the benefit of someone else (the beneficiary). There are many types of trusts for various goals, and complex trust law makes it necessary to hire an experienced attorney to help you establish one. First, though, it's important to understand the basics to help you figure out whether a trust is right for your planning needs; here, your financial advisor can help guide you in the right direction.

## Why Create a Trust?

Trusts are popular estate planning tools because they can be used for many purposes, including:

**Estate planning.** Trusts can provide control and flexibility over the distribution of assets, minimize estate taxes, and preserve assets for your children until they are grown (in case you die while they are still minors). Trusts can also help avoid the expense and delay of probate because they allow for the seamless transfer of assets to beneficiaries without the need for court involvement.

**Asset protection**. Certain trusts can shield assets from potential creditors or legal claims. Placing assets in an irrevocable trust effectively removes them from your personal ownership, which makes them less vulnerable to financial liabilities or potential lawsuits. Trusts also allow you to set specific rules for distributing your assets, such as how much money a beneficiary can receive each year, an age when they can start to receive funds, or even how the funds can be used (e.g., for education only).

**Tax benefits.** Creating a trust can shift part of your income tax burden to beneficiaries in lower tax brackets. Also, if certain conditions are met, assets placed in an irrevocable trust may be protected from estate tax after your death.

**Protection in case of illness or disability.** Living trusts can be used to help you protect and manage your assets if you become incapacitated. If you can no longer handle your affairs, your trustee steps in and manages your property. Your trustee has a duty to administer the trust according to its terms and must always act with your best interests in mind. Without a trust, a court could appoint a guardian to manage your property.

**Charitable giving.** Charitable trusts allow you to support causes you care about while potentially enjoying tax benefits. These trusts can provide income for you or your beneficiaries during your lifetime, with the remaining assets designated for charitable organizations after your death.

**What Are the Drawbacks of a Trust?**

Be sure to discuss the pros and cons of setting up any trust with your attorney and financial professional. Although there can be many advantages of this type of arrangement, consider these potential drawbacks:

- A trust can be expensive to set up and maintain—trustee fees, professional fees, and filing fees may need to be paid.
- Depending on the trust you choose, you may give up some control over assets in the trust.
- Maintaining the trust and complying with requirements can take considerable time.
- Income generated by trust assets and not distributed to trust beneficiaries may be taxed at a higher income tax rate than your individual rate.

**What Are the Different Types of Trusts?**

The type of trust you choose depends on what you're trying to accomplish. In fact, you may need more than one type of trust to meet all of your goals.

**Living (revocable) trust.** You create a living trust during your lifetime to maintain control over property such as your house, a boat, or investments. Assets that pass through a living trust are not subject to probate—they don't get treated like the property in your will. Instead, the trustee will transfer the assets to the beneficiaries according to your instructions. The transfer can be immediate, or if you want to delay the transfer, you can opt for the trustee to hold the assets until a specific time, like when the beneficiary reaches a certain age.

Living trusts are appealing because they are revocable. You maintain control—you can change the trust or even dissolve it for as long as you live. Living trusts are also private. Unlike a will, a living trust is not part of the public record. No one can review the details of the trust documents unless you allow it.

Despite these benefits, living trusts have drawbacks. Assets in a living trust are not protected from creditors, and you are subject to taxes on income earned by the trust. In addition, you cannot avoid estate taxes using a living trust.

**Irrevocable trust.** Unlike a living trust, an irrevocable trust typically can't be changed or dissolved once it has been created. You generally can't remove assets, change beneficiaries, or rewrite any of the terms of the trust. Still, an irrevocable trust can be a valuable tool for tax planning, asset protection, and charitable giving.

When you transfer assets into the trust (these must be assets you don't mind losing control over), you may have to pay gift taxes on the value of the property transferred. If you have given up control of the property, all of the property in the trust is out of your taxable estate. That means your ultimate estate tax liability may be less, resulting in more passing to your beneficiaries. Property transferred to your beneficiaries through an irrevocable trust will also avoid probate. As a bonus, property in an irrevocable trust may be protected from your creditors.

**Testamentary trust.** A testamentary trust allows you to specify how your assets should be distributed and managed for your beneficiaries. It is created through a will and only takes effect upon the trustor’s death. At that point, selected assets in your will are distributed into the trust. From that point on, these work very much like other trusts. The terms of the trust document control how the assets are managed and distributed to heirs. Since you have a say in how the terms are written, these types of trusts give you a certain amount of control over how the assets are used, even after your death.

As always, we appreciate your trust in us and aim to help you figure out the best financial plan to help you meet your goals. If you have any questions about this article, please reach out to us via phone or email.

Authored in part by Commonwealth Financial Network and Broadridge.

*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.*