Financial Tips for Female Breadwinners

An increasing number of women are becoming primary breadwinners in their households, so one might assume women are also taking on most of the financial decisions. On the contrary, most women in heterosexual relationships who are earning more of the household income aren't making the major money-related decisions for the family[1]. So, why doesn't earning power naturally lead to financial decision-making power?

- **Traditional gender roles.** Women may feel less comfortable managing the family finances, and men may feel that responsibility comes more naturally to them simply because of stereotypical gender roles.
- **Work-life balance.** Time constraints may also deter women from taking control of family finances. Between childcare, elder care, housework, and career demands, time to devote to money matters may be scarce. Having your spouse take finances off your full plate can seem helpful, but it may be detrimental in the long run.
- **Lack of financial education.** Some women may face challenges related to financial literacy. A lack of knowledge about investment, savings, and retirement planning can make it difficult and less appealing to become involved in financial decision-making.

While these reasons might all play into women's lack of involvement in family finances, it's critical for women to be in the know about where their money is going. Why? Women are often paid less than their male counterparts, which makes it more challenging for them to save for the future and achieve financial stability. Women are also more likely to take career breaks or work part-time to care for children or elderly parents, which comes with its own financial responsibilities. This can result in lower income and less retirement savings. Finally, women tend to outlive men, which means they need to save more for retirement and plan for a longer lifespan. For all these reasons, female breadwinners should budget strategically, prioritize their retirement planning, and plan for unexpected expenses and emergencies, such as medical bills or home repairs. To manage your finances more effectively and help you achieve your long-term goals, follow these tips for female breadwinners.

Tips to Take Charge

Communicate openly. Establishing open communication with your partner about financial goals, responsibilities, and expectations is key. This might also include redistributing household responsibilities—either to your partner or to an outside person or service—to allow more time for you to help manage your family's money. Consider planning a date night to discuss your finances to help diminish any relationship tension around the subject.

Compile important information. As part of your communication with your partner about finances, it will be helpful to gather all your account numbers, names of financial institutions, location of assets, passwords, and important contacts such as attorneys and CPAs in one place. You should have hard and digital copies and your trusted family members should know where they're located. In the event one of you passes unexpectedly, having this will make a difficult situation slightly less complicated to navigate. Ask your financial advisor if they have a template for this type of document that requires you to just fill in the blanks.

Create a budget. This will help you track your income and expenses, identify areas where you can cut back, and plan for the future. Start by listing all your monthly income and expenses, including bills, groceries, and other necessities. Having a clear sense of where your money is going will help you identify areas for improvement and is the first step toward becoming more involved in managing your family’s finances.

Save for retirement. Women need to save a larger percentage of their income for retirement than men just to end up at the same level of wealth. This is because women often take time out of the workforce, make less money than men, and live longer on average. So, retirement planning is crucial, especially if you’re the primary breadwinner. Make sure you’re contributing enough to your retirement accounts, such as 401(k)s or IRAs, and consider working with a financial advisor to determine the best investments for your goals.

Start an emergency fund. There’s always a chance you may face unexpected expenses, such as medical bills or home repairs. Having a financial safety net can alleviate stress, avoid a financial challenge, and provide a sense of security.

Purchase insurance. Ensure that you and your family have adequate coverage, including health, life, and disability insurance. These protect against unexpected events that could jeopardize your family’s financial stability.

Get your estate documents in order. In addition to a fund for emergencies and setting up insurance coverage, you’ll want to plan for your family’s future in case something happens to you. It’s advisable to consult with a qualified attorney about your specific situation and unique goals. Core estate planning documents generally include:

- Durable power of attorney (POA) for financial matters
- Health care POA (and/or a living will)

- Will
- Trust agreement (depending on your specific situation)

You’ll also want to update your beneficiary designations. Outdated beneficiary designations can derail an estate plan. Review your designations periodically to ensure that the correct people are named and are still appropriate.

Learn about personal finance. If you feel a lack of confidence in making financial decisions, attend workshops, read books, or consult with financial advisors to enhance your understanding of investments, retirement planning, and other financial instruments. Better understanding will lead to a greater sense of comfort in managing your money.

Consult a financial advisor. A professional can help you in various ways, such as informing you about tax breaks or credits you might not have known about, choosing investments based on your risk comfort level, and setting up the most beneficial retirement plan for your needs.

As more women take on the role of breadwinners in their families, they face unique financial challenges. With careful planning and management and communication with your partner, you can achieve financial stability and help ensure a secure future for yourself and your loved ones.

[1] UBS Own Your Worth Report 2023: Women primary breadwinners face challenges in embracing their financial power | UBS Global

Women and Retirement: More on SECURE 2.0

Sarah Ruef-Lindquist, JD, CTFA

By Sarah Ruef-Lindquist
For Pen Bay Pilot

A recent article in Financial Advisor on-line magazine provided some interesting insights into how SECURE 2.0, the most recent sweeping legislation affecting retirement savings, has potential to support women's retirements.[1]

Leslie Geller, senior vice president and wealth strategist at Capital Group, explained how some of the provisions that could provide greater opportunities than previously available for women saving for retirement:

"SECURE 2.0, far more than the original SECURE, presents more options and opportunities for different people to save for retirement differently. And I think it’s especially impactful for women because saving for retirement is far less of a one-size-fits-all approach for women and finances,” she said.

According to the article, the following provisions should be of particular interest to women:

Required Minimum Distributions. In 2023, the age at which people must withdraw taxable funds from retirement accounts (‘RMD’s’) rises from 72 to 73, and to 75 in 2033. That’s a minor deferral for today’s 72-year-old. But for women who are 62 this year or younger, it’s a much more significant bump. This allows these accounts to have time for potentially greater tax-free growth before draw-down begins.

Catch-up contributions for 401(k) and 403(b) plans, governmental plans and traditional IRAs. Catch-up contributions are especially helpful for women who take time out of the workforce for childrearing or eldercare, and who have longer life expectancies than men. While it is impossible to recover the lost time value of money, increasing retirement savings now to grow through retirement is the next best thing.

In 2023, employees contributing to an employer plan who are 50 years old and older can now make a catch-up contribution of $7,500 on top of the $22,500 maximum regular contribution. Those amount were $6,500 and $20,500.

The second adjustment is a new initiative for employees 60 to 63. Beginning in 2025, these workers will be able to contribute 150% of the catch amount up or $10,000, whichever is greater.

529 rollover to Roth. Saving for a child’s education is a priority for many women. Under the new provision, 529 funds not used for education can be rolled into a Roth IRA tax and penalty free, up to $35,000.

New benefits for part-time employees. Women are often part-time employees, ineligible for retirement plan participation. However, beginning in 2025 employers will have to make their 401(k) plans available to their long-term, part-time workers, who are those working at least 500 hours a year for at least two consecutive years.

Automatic enrollment. Beginning in 2025, employees will no longer have to actively opt into new employer 401(k) or 403(b) plans. The deferral amount will start at 3% in 2025 and increase 1% a year to 10% unless the employee opts out.

Save for retirement while paying off student loans. An employee repaying a student loan can still get an employer matching contribution on the repayment amount under a 401(k), 403(b) or 457 (b), even if they are not contributing to the plan. These contributions, beginning in 2024, can allow a worker to pay off student loans and simultaneously save for retirement.

There are also numerous new provisions that allow account holders to access account assets for emergencies, waiving penalties for early withdrawals in the case of terminal illness, domestic violence victims and penalty-free emergency withdrawals of up to $1,000 per year.

Given the unique circumstances of each individuals, consulting a qualified financial or tax advisor about how any of these provisions may affect you is strongly recommended.

Financial Planning Considerations for Single Women

For various reasons, the state of a woman's financial security often depends on her marital status. A study from the U.S. Government Accountability Office says that women's household income dropped by 41 percent after divorce, nearly double the size of the decline men experienced. In 2020, women earned just 82.3 cents on the dollar compared with men, according to the Department of Labor's Bureau of Labor Statistics, a gap that was more pronounced for women of color. And women earn less than their male counterparts in nearly every occupation. Whether you are newly divorced, widowed, or single by choice, the following tips could help you shore up your financial security.

Be involved in your finances. A Stanford Center on Longevity study found that women tend to be as confident as men in making routine financial decisions but much less confident—and usually less involved in—making major financial decisions such as saving for retirement or investing.

In many cases, a woman going through a divorce or the loss of a spouse may not be aware of their family's full financial situation. If you are currently married, you should be actively involved in major financial decisions and have access to all financial records.

Plan ahead at work. When you have confidence in your financial status—if you have a strong financial plan in place and you've built up savings and emergency funds—you may be more confident asking for what you deserve at salary-review time.

Back up your claims for a raise. Support your proposal by documenting any significant accomplishments you've made over the past year, particularly ways you've contributed to your company's financial success.

Explore your career options. Employees tend to earn salary increases when they switch jobs. Exploring job opportunities every few years could confirm whether your current salary is appropriate, give you a reason to negotiate for a raise at your current job, or inspire you to make a career leap.

Don't share your salary. Telling a recruiter your current salary or earning history can result in a lowball offer. When applying for jobs, you can see what comparable positions in your area pay by reviewing popular salary websites. Keep in mind that you can always ask for more after the initial salary offer.

Factor in the cost of caring for others. The National Alliance for Caregiving and AARP 2020 report on caregiving in the U.S. found that 61% of caregivers are female, and that female caregivers are less likely to work while providing care. When working on a financial plan with your advisor, incorporate the cost of childcare, including after-school support if your work hours require it. Consider long-term care and disability insurance coverage so that you won't have to leave the workforce to care for a spouse experiencing a health event.

Revisit your beneficiaries. A change in marital status triggers the need to see who will inherit your assets. At least 26 states have statutes that automatically revoke beneficiary designations naming a spouse in the event of a divorce—which may not be what you want. You may also need to revisit who you have designated to help with your estate, such as your attorney-in-fact, health care proxy, and executor.

Tips for New Divorcées and Widows

In addition to understanding your own retirement benefits, you should know about any spousal benefits you may be entitled to. If the marriage lasted for at least 10 years and you haven't remarried, you could be eligible for half of your ex-spouse's social security benefit amount at their full retirement age, even if they're not actively collecting it. The total amount you are owed and when you should start collecting will depend on your age, your personal earnings, your life expectancy, and whether you remarry.

For retirement benefits, you would need at least a 10-year work history to qualify for your own social security benefits. To maximize these benefits, you may want to delay when you start collecting until age 70, depending on your life expectancy.

Tips for Women Who Are Single by Choice

If you don't have a spouse or a child, an estate plan can ensure that your wealth is effectively distributed. Generally, this means that assets would go to a parent or sibling if there's no surviving spouse or child and more remote family members if there are no surviving parents or siblings. If you have a large extended family, you may prefer that your wealth go to nieces, nephews, and charities.

Taking Charge

Whether it's by necessity because of a life change or you just want to become more involved in your finances, you can take charge of your financial security by staying fully informed of your options—and the many considerations that go into solidifying your current financial situation, maximizing retirement benefits, and properly planning your estate.

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Financial Guidance for Recent Widows: What Women Should Know After the Death of a Spouse

In a 2019 UBS Investor Watch Survey, nearly 68 percent of married women from around the world reported they believe they'll outlive their spouse. And it's a belief that's grounded in reality—according to U.S. Census data, women are expected to live longer than men by roughly four years by 2060. What are the implications of this when it comes to money matters? It means that many women will find themselves responsible for making financial decisions on their own—and potentially for several years—if their spouse passes before them.

The UBS study also revealed that 76 percent of widows wish they had been more involved in making financial decisions when their spouse was alive. The unfortunate reality is that for many women dealing with the devastating grief of losing their spouse, things become even more challenging as they try to process the flood of financial burdens that come their way. While it may be tempting to push money concerns to the back burner if you find yourself in this situation, there are immediate and lasting financial tasks you'll need to navigate. Here are some things to keep in mind.

Homing In on Your Finances

You're in the middle of experiencing a heartbreaking event—it's possible you may find yourself unprepared to handle the torrent of financial matters falling in your lap. This may be especially true if your spouse was the primary financial planner and investment decision maker in your family. If you're feeling overwhelmed by financial planning considerations, start by focusing your attention on these topics.

Estate administration. It's important to obtain several copies of your spouse's death certificate. You'll also want to review the status of any existing estate planning documents. Keep in mind, maintaining a list of assets and accounts on an ongoing basis will streamline the estate administration and ultimate distribution of your spouse's assets in the event of their death.

Contacting the appropriate institutions is a good starting point for knowing what documentation is required to transfer and distribute these assets. Additionally, you may want to familiarize yourself with details such as the 50 percent—or, if you live in one of the nine community property states, 100 percent—cost basis step-up on the value of assets.

Short-term finances. After you've finalized your spouse's estate, you'll want to start thinking about short-term finances based on your change in situation. For example, you may need to adjust your monthly and yearly budget as well as spending habits. As you evaluate your income needs, keep in mind the social security survivor's benefit on a deceased spouse's record is available as early as age 60 to widows who are not disabled. Disabled widows can receive a survivor's benefit as early as age 50. This can create an early income stream, even though you may not be eligible to begin your own benefit until age 62. (Note that benefit reductions will likely apply for early claiming.)

There are a few things you should know about the social security survivor's benefit, including that it's separate from one you may be entitled to receive based on your own earnings record. Additionally, as the surviving spouse, you can decide when to take your survivor's benefit versus your own. If your own retirement benefit will be greater than the survivor benefit after the addition of the 8 percent per year delayed claim credit, you could collect the survivor benefit first and then switch to your own benefit at age 70.

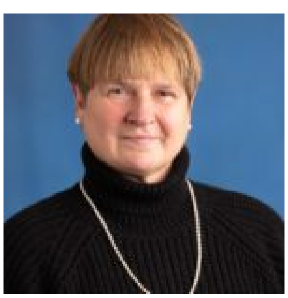
If your spouse was the primary wage earner and held life insurance, this can provide another immediate source of income for you. Having a listing of the policies in place can quicken the payout process. If your spouse was still employed at the time of death, be sure to contact their employer about group policies that may also provide a death benefit.

Long-term finances. In addition to getting a handle on your immediate financial needs, you'll want to think about planning for your long-term financial stability as well. Be sure to review and update your estate plans and beneficiary designations and understand the various health care options available to you (including Medicare and long-term care insurance). It's important to share your long-term care wishes with those closest to you. While these discussions may be very difficult, it's important to make loved ones aware of any specific preferences you may have relating to end-of-life medical decisions and funeral arrangements for yourself.

Look Ahead and Take Early Action
Managing your finances can be a complex task under any circumstances, never mind when you're grieving. You can rely on us as a resource to help you talk through your options and find solutions that work best for you. We're happy to help guide you on decisions regarding estate planning, emergency savings, life insurance, and health care, as well as other advanced planning strategies that can protect you against a loss of income. By taking steps to gain a more comprehensive view of your finances, you can position yourself for a stable financial future.

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.

Charitable Giving Opportunities for 2021



Sarah Ruef-Lindquist, JD, CTFA

By [Sarah Ruef-Lindquist, JD, CTFA]

As year-end approaches, many of us think about the charitable organizations that we have supported and want to continue supporting through annual giving. The tax advantage of making charitable gifts has changed dramatically in the past several years, and some opportunities exist that may not after the end of this year.

In recent years, the increased amount of the standard deduction has made itemizing charitable deductions less tax efficient. Because individual taxpayers have a standard deduction of $12,550 and married joint filers $25,100, often the combined value of itemized deductions, including charitable gifts, does not exceed those amounts. However, even non-itemizers can take advantage of the $300 for individual or $600 for married joint filer charitable deduction opportunity for 2021. This is an extension of the CARES Act of 2020.

The CARES act provision allowing cash contributions of up to 100% of AGI (Adjusted Gross Income) is also available for charitable giving in 2021 for itemizers. Gifts exceeding that amount may be carried over to future tax returns for up to 5 additional years. The CARES incentives are not available for gifts to donor-advised funds, supporting organizations or private foundations. This provision could increase the tax efficiency of large cash gifts that would otherwise be limited in their deductibility to 60% of AGI before or after the CARES act is effective.

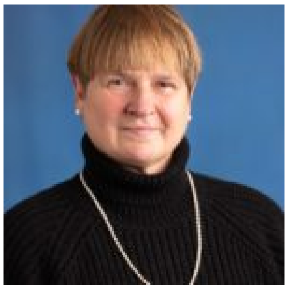
A taxpayer who itemizes age 59 ½ or older can make a distribution from any defined contribution plan (401(k), IRA, 403(b)) and deduct up to 100% of AGI in 2021 under the extended provision of the CARES act. This could present a unique opportunity for many wishing to make a large gift to charity and use their retirement funds to do so.

And there are perennial gifting strategies that have tax efficiencies. One of these would be using appreciated stock instead of cash to make charitable gifts. 2021 saw record high market values for the stock market. The capital gains that are imbedded in these assets means that the full current market value of the stock can be a charitable gift without any capital gains tax being paid. The charity gets to realize the full value of these assets, while the donor does not recognize any capital gain when using them for charitable gifts.

Another option for those age 70 ½ or older involves IRA's. Qualified Charitable Distribution (QCD) of up to $100,000 per year from IRA's are extremely tax efficient. Not only can the distribution cover what would otherwise be considered a Required Minimum Distribution for those age 72 or older, but they are distributed directly to charity from an IRA without any income tax payable. Usually, distributions from an IRA require payment of income tax (federal and state, if applicable), but not so with QCD's. For those who are less reliant on these funds from year to year, this is a particularly attractive option that involves giving the specific instructions to your IRA advisor or administrator to make the distribution.

As you consider any charitable giving for 2021, be sure to seek the advice of a professional financial or tax advisor to understand fully how any charitable gift can impact your particular financial and estate plans.

Charitable Giving in 2020…and 2021?



Sarah Ruef-Lindquist, JD, CTFA

By Sarah Ruef-Lindquist, JD, CTFA

We love June, don't you? Temperatures are warmer, flowers are blooming, and this year especially, many people are getting out and enjoying each other's company and all that Maine has to offer with understandable pent-up enthusiasm.

Every year in June, the news includes the annual report about charitable giving in the US. The GivingUSA Foundation publishes GivingUSA with data about charitable giving activity in the prior year, based on income tax return data. The news has been positive year-on-year for a long time now.

Will it be for 2020?

As a preview Marketwatch reported interesting giving behavior during the early pandemic months of 2020: They reported that 2020 got off to a great start, but then as the pandemic hit, giving plummeted.

Then, it rebounded. A lot. At a time when millions of Americans were losing their jobs and could not make rent or mortgage payments.

It would seem there was a swift recognition of the challenges being faced, and generous response to help meet the need. “Some people even donated their stimulus checks. Protests over racial injustice last summer spurred another outpouring of donations.”

Using data provided by Blackbaud from a large and representative sample of non-profits “Not only did overall giving increase, but so did the average size of people’s donations, increasing to $737 from $617 in 2019.”[i]

According to prior GivingUSA reports, US charitable giving totaled for 2019 was $450 billion. 2018 was $428 billion. 2017 was $410 billion. 2016 $390 billion. See a trend here?

Neither Blackbaud nor Marketwatch try to predict what the total giving will be for 2020, but instead await the June 15, 2021 release of that data by GivingUSA. We will, too.

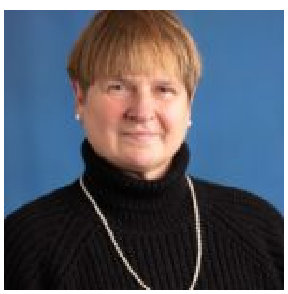
We are almost half-way through 2021. What could help boost giving in 2021? The stock market is nearing record highs and those are always opportunities to consider charitable gifts of appreciated securities, to reduce capital gains exposure, or to create charitable remainder trusts to provide income and immediate tax deductions while deferring and reducing gains exposure.

As congress considers further changes to income tax laws, there are several pending provisions of interest including a possible charitable remainder trust option for up to $100,000 of qualified charitable distributions from IRA’s (these had previously been limited to only outright gifts to charity). Stay tuned about those.

There are many reasons to be optimistic about charitable giving in the US. As you renew in-person meetings with your supporters, we hope they are as rewarding and productive as ever.

[i] Blackbaud's analysis was based on its 8,833 nonprofit clients, which took in a total of $40.7 billion in donations in 2020. That's only one slice of the giving pie in the U.S, where there are roughly 1.5 million nonprofits, but the Blackbaud data set is the largest sample size of giving and is representative of the nonprofit sector as a whole, a spokeswoman said.

'Gray Divorce' is on the Rise



Sarah Ruef-Lindquist, JD, CTFA

By Sarah Ruef-Lindquist, JD, CTFA

I recently wrote about the financial vulnerability of women in retirement relative to their male counterparts. Lower wages, longer time out of the workforce as caregivers and resulting challenges to saving adequately for retirement years contribute to this vulnerability.

A recent Kiplinger article highlights the increased divorce rate of older couples (age 50 and older) and the perilous journey that such financially vulnerable women face in marriage dissolution. The article refers to this as “gray divorce.” Citing Pew Research, the divorce rate for people in this age cohort has doubled since the 1990s.

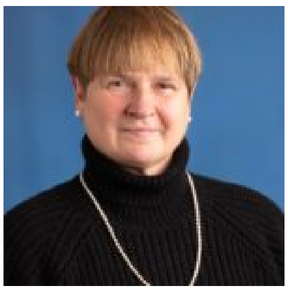
Whether a result of the decreased stigma of divorce and waiting until the nest is empty to end an unhappy marriage, greater life expectancy coupled with unwillingness to remain in unhappy unions, or the new pressure of a pandemic overwhelming long-used coping mechanisms, the trend is real, and can leave women in financially difficult – or even perilous – circumstances.

According to the Kiplinger article: “A study conducted by the Social Security Administration found that around 20% of divorced women 65 or older live in poverty and are less financially secure than married or widowed adults.”

How can women prepare themselves for the impact of divorce in their later years? One of the recommendations in my prior article about retirement planning was to establish a relationship with a financial advisor. That is especially important if a divorce, division of marital assets and other support resources becomes a reality, because in this instance, knowledge is power.

Having a relationship with a financial advisor can help a woman have a realistic understanding of their income, assets, liabilities and ongoing expenses once they are no longer part of a marriage. The financial advisor can then help create the strategies appropriate to build the client’s economic security going forward as they take control over their own individual financial life.

Retirement Planning for Women: Understanding the 'Bag Lady' Syndrome



Sarah Ruef-Lindquist, JD, CTFA

By Sarah Ruef-Lindquist, JD, CTFA

Challenges can be different for women planning for retirement than those facing male counterparts. The phenomenon of women envisioning themselves as elderly "bag ladies" is based in very realistic concerns. But with proactive planning, beginning in early adulthood, women can take control and realistically envision economic security for their retirements.

A persistent wage gap in many fields has put women at a disadvantage in several ways: Because women earn less, women generally have less they can set aside for retirement after paying current living expenses during the accumulation years (when in the workforce). According to 2021 data on Payscale.com "The average amount of money earned by women throughout their career is $850,000 less than that of men."

Compounding the disadvantage, women spend a greater amount of time out of the work force, typically related to child and other family care roles. On average, women spend 44% of their adult life out of the workforce compared to 28% for men. This can significantly add to women's disadvantage at saving to prepare for retirement years, as well as exacerbating their diminished social security participation.

According to Brookings.edu (July 2020) How does gender equality affect women in retirement?
Caregiving provided during women's 20s and 30s, when careers are formed and when age-earnings profiles are relatively steep, creates career-long earning losses. One study found that a woman with one child earns 28 percent less on average over her career than a woman without children, partially as a result of time out of the work force. (In sharp contrast, becoming a father typically does not reduce a man's earnings.) Each additional child reduces average women's earnings by another 3 percent. Women are also more likely than men to care for their aging parents—a responsibility that predominantly falls on women over the age of 50.

People who leave the labor force early to care for a parent or other elderly relative lose an average of $142,000 in wages.
The wage gap and time out of the work force also results in women generally earning a lower social security benefit than male counterparts. In 2019, the average annual Social Security income received by women 65 years and older was $13,505 compared to $17,374 for men.

Moreover, women tend to live longer than men and thus rely on their retirement wealth for a longer period of time. In 2020, average life expectancy at age 65 is 21.1 years for women and

18.6 years for men…As a result, for a given level of retirement wealth at age 65, women can afford to consume about 7 percent less per year than men to make those resources last as long as they do, according to the Brookings report.

Women fear outliving their spouses. Given greater longevity, that is not surprising They also fear outliving their financial resources.

What can women do to address these issues while a wage gap persists, time out of the workforce and relative longevity impair their ability to earn and build for as secure a retirement as men?

Women tend to put off building a relationship with a financial advisor or delegate that activity to a partner or spouse. Rather than wait until they are in their 40’s or 50’s, women should begin discussing their own retirement planning in their 30’s, to gain a realistic picture of what they can do to plan for retirement. The value of compounded earnings over time add value exponentially to saving early in one’s working years, and a financial advisor can help increase this understanding.

A financial advisor who understands these issues and who also can empathize with what it feels like to have these financial challenges can help to increase financial literacy to empower the kind of decision making that can support more secure retirements.

Working with an advisor to build a plan as early as possible, fine-tuning that plan as the years go by while intentionally saving for retirement can set women on a path to secure retirement, and eliminate the imagined “Bag Lady” for good.

Women and the Pandemic: Planning for a Healthy Financial Future

Over the past year, we've all felt the effects of the coronavirus pandemic in one way or another. But, as the job losses and unemployment numbers tell us, it's staggeringly clear that women—particularly women of color—have been disproportionately affected. Women have lost or scaled back their careers, with their labor force participation now at a 30-year low. At the same time, their responsibilities in terms of child care and home schooling have risen by more than six hours per day. For many, it's reached a crisis point.

If you're one of the many women whose lives and finances have been turned upside down by the pandemic, you might be struggling with what to do next. Fortunately, there are strategies to address your immediate concerns and help you plan for a healthy financial future.

A Taxing Time

Unemployment compensation. Did you know unemployment compensation is taxable, including the additional weekly $600 authorized by the CARES Act? (To learn more, see Form 1099-G, Certain Government Payments.) At the state level, only five states that tax income—California, Montana, New Jersey, Pennsylvania, and Virginia—do *not* tax unemployment benefits.

In recent news, the American Rescue Plan Act (ARPA) signed by

President Biden on March 11, 2021, includes some tax relief. Under ARPA, the first $10,200 of unemployment benefits received in 2020 will be tax-free for individuals whose modified adjusted gross income (MAGI) is less than $150,000.

If you are unemployed and will continue to receive unemployment payments in 2021, there's a simple solution to minimize any future tax surprises: complete Form W-4V to voluntarily withhold taxes from your unemployment benefits. The withholding rate is a flat 10 percent.

Coronavirus-related distributions (CRDs).

If you supplemented your cash flow with CRDs from an IRA or other retirement plan (e.g., 401(k)), you will have more complex choices to consider. To help make the decision that's right for you, it's important to know all of the options:

- The full amount of the distribution may be reported as income in the year it's distributed.
- The full amount of the distribution may be reported ratably in one-third increments spread over three years. For example, an individual who received a $9,000 CRD in 2020 would report $3,000 in income in 2020, 2021, and 2022.
- Individuals have a three-year window that begins the day after they receive a distribution to recontribute all or a portion of it to a retirement plan or IRA.
- Individuals who reported a CRD and then rolled it back into an IRA or retirement plan can claim a refund for the income tax paid in a prior year.

Please note: The choice to report a distribution in one year or to spread it out ratably over three years is irrevocable, so it requires careful consideration.

Health Care Coverage

Health insurance can be the biggest immediate worry after losing a job, especially for single mothers who can't rely on a spouse's coverage. Fortunately, there are several options at your disposal. For example, you may be eligible for Medicaid coverage, especially if you live in one of the 39 states that recently expanded the Medicaid program. Alternatively, the Affordable Care Act's (ACA's) Health Insurance Marketplace provides all Americans with nationwide access to health insurance.

Extended open enrollment. For those who missed the fall open enrollment period for ACA insurance or who want to make changes to their plan, the federal government is holding an extra open enrollment period through May 15, 2021. State-based marketplaces are another option in California, Colorado, Connecticut, Idaho, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Washington, and the District of Columbia.

You'll need to check each state's enrollment timeline. If you lose your job after May 15, you will still have a 60-day special enrollment period to find health insurance in either the federal or state marketplace. Marketplaces have links to information about eligibility for premium subsidies and assistance for selecting the right plan.

COBRA. Another option is COBRA, though it's more expensive. You could be covered by this plan—and keep the health insurance policy you had while employed—for 18 months after a layoff or reduction in work hours. Unfortunately, COBRA coverage may cost up to 102 percent of the health plan's full premium.

Short-term plans. Other options, such as short-term health plans, which can be used for up to 36 months, may offer only limited benefits. Unlike ACA plans, short-terms plans aren't required to provide the following 10 essential health benefits:

- Laboratory services
- Emergency services
- Prescription drugs
- Mental health and substance use disorder services
- Maternity and newborn care
- Rehabilitative services
- Ambulatory patient services
- Preventive and wellness services and chronic disease management
- Hospitalization
- Pediatric services, including vision and dental care

Keep in mind that insufficient coverage for any of these health care needs could expose you to bills that will affect your family's financial security for years. As such, addressing this issue now is vital in coping with the pandemic's long-term effect on your finances.

Careers in Transition

The [Women in the Workplace 2020] report from McKinsey and Lean In highlighted several structural factors causing one in four women to downshift their career or stop working altogether. Among the primary culprits, according to the McKinsey report, are concerns that employers view caregivers of children and adult parents as not fully committed to their jobs. But shifting priorities and changing a career path to meet a present problem will affect your future social security benefits, retirement security, and household net worth.

Social security. Social security retirement benefits are based on an individual's primary insurance amount (PIA), which is calculated from your average indexed monthly earnings during your 35 highest earning years. Social security records a zero for each year that you do not earn income. More zeros—especially during the primary earning years after age 40—can reduce your PIA and cannot be recouped through later employment. Although you may think your absence from the workforce will be temporary, it may lead to an extended time away from employment.

Retirement savings. Even if your career is in transition, there are still ways to save for retirement. For instance, you can contribute to a spousal traditional or Roth IRA if you are married, file a joint income tax return, and have a modified adjusted gross income (MAGI) below the threshold set for that tax year. If you are older than 50, you can make an extra $1,000 catch-up contribution, as long as your MAGI is below the annual threshold. The amount you can contribute to a spousal IRA will begin to phase out within certain MAGI ranges, and it will end once MAGI exceeds an annual specified limit. Spousal IRAs are available for all married couples, including same-sex unions.

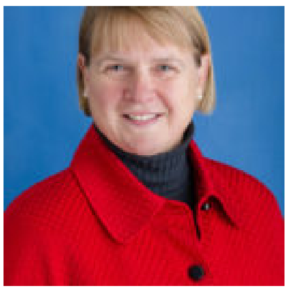
Planning for a Healthy Post-COVID Life

As we settle in to 2021, vaccines bring hope that the medical risks may soon be behind us. Unfortunately, that is unlikely to quickly reverse the damage to women's earnings. It is a difficult time, but you needn't navigate it alone. We are here to help you consider all the options when it comes to unemployment compensation, health care, social security, and retirement savings to help stabilize your immediate cash flow and get you back on the road to long-term financial security.

Authored by Anna Hays, JD, LLM, advanced planning consultant,

When it Comes to Philanthropy, Women Give More

By Sarah Ruef-Lindquist, JD, CTFA



Sarah Ruef-Lindquist, JD, CTFA

Our last installment in June about Giving USA 2017 was a positive reflection on the continued and growing generosity of American philanthropy as reflected in the report of giving shown in 2017 federal tax return data. Is there any difference between American males and females in their giving? Several studies and reports provide the answer: Women give more.

Sources* indicate that 64% of donations are from women, while 36% are from men, and that women-led households give more at all income levels. In fact, for each additional $10,000 of income, women on average give 5% more than lower earners while men give 3% more.

Why might this greater level of generosity be? Women tend to suffer from economic insecurity at higher rates than men, so it would seem they have less to give. However, studies cite women as socialized to be caregivers, having more compassion because they experience motions more strongly, use philanthropy as a means of expressing their morals and beliefs and may use philanthropy as a means of egalitarianism.

Add to that a desire to develop and pass values on to the next generation, a tendency to support organizations where they have volunteered, and a desire to effect change and have meaningful impact and you have a recipe for philanthropic support for women engaged as volunteers, teaching their children about giving back or wanting to have a positive impact on society, even if they have less to give. But do they? Do women have resources to make a meaningful impact? It would seem that they do.

As it happens, 90% of high net-worth women are the sole or co-decision makers on charitable decisions. By 2030, women will control two-thirds of the wealth in the United States. Women 65 and older already control more than half of that wealth; they have earned their wealth, or inherited it from family and/or husbands whom they have outlived. In fact, 45% of millionaires in the U.S. are women, and almost half of all estates of more than $5 million are controlled by women.

One particularly notable Maine woman has had an enormous philanthropic impact on Maine: Elizabeth “Betty” Noyce. Divorced from a founder of Intel, when her estate was administered following her death in the late 90s it put Maine at the top of the 50 states with largest amount of charitable gifts through an estate for that year. Most years before and since, Maine is closer to – if not at – the bottom of the states in charitable gifts through estates.

However, in the 20 years since her death, and even during her later years through her investments in community and establishment of the Libra Foundation, she has likely had a greater impact than any other individual philanthropist in improving the lives of Mainers during that time.

One study recognized that women are moved by how their gift can make a difference, and want to know organizations are efficient in their use of donations. Organizations are well-advised to communicate impact, as well as prudent management, in their appeals to women donors.

Maine and the United States as a whole have much to be proud of in terms of their charitable support, but women lead the way now, and likely into the future.

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