

# Death, Taxes and Change...What's in Store for 2024



Sarah  
Ruef-  
Lindquist,  
JD, CTFA

By [Sarah Ruef-Lindquist, JD, CTFA](#)  
For [Pen Bay Pilot](#)

We've all heard the adage that the only things that are sure in this life are death and taxes...we need to be mindful of change, at least as it pertains to taxes.

## **Retirement Savings**

It's important to maximize saving for retirement and take advantage of the provision of the tax law that allow taxpayers to save funds in tax-deferred accounts...for 2024, the limit for most plans (401(k), 403(b) and 457 plans) increases from \$22,500 to \$23,000 with another \$7,500 for those age 50 and over. That means that taxpayers age 50 and over can add \$30,500 to their plans in 2024, the highest amount ever allowed.

Similarly, SIMPLE plans will have new elective deferral limits: \$16,000 up from \$15,500 and a catch-up amount of \$3,500 for those 50 and over. IRAs will have a 2024 contribution limit of

\$7,000 up from \$6,500 this year, with an unchanged catch-up amount of \$1,000 for those 50 and older.

There are other changes for SEPs, ESOPs and cash-balance plans in store for 2024. For those who participate in them, taxpayers should consult their accountants and financial advisors for more details. Why maximize savings in these types of plans and accounts? Earnings in these plans are tax free until withdrawn, which for many is not required until age 73 or if born in 1960 or later, age 75.

### **Gift and Estate Tax**

Taxpayers can make gifts or have an estate of over \$13 million in 2024 without having a federal gift or estate tax imposed. The maximum amount that may be given as a gift without having to report it to the IRS to count against that credit – what is known as the annual exclusion amount – is going up to \$18,000 for 2024 from \$17,000 in 2023. This amount has been increasing steadily over the past several years.

### **Corporate Transparency Act**

Taking effect in 2024 is a new federal law to help the Financial Crimes Enforcement Network (FinCen) uncover criminal activity through corporations, LLCs and the like. It requires certain types of existing entities to report beneficial ownership information by December 31, 2024 and for new entities formed after this year, to make such reports within 30 days of formation. If you are an owner or have a beneficial interest in a corporation or LLC or other entity that is formed by filing documents with the state, you may be required to make reports. For more information, go to <https://www.fincen.gov/boi>.

Please remember that financial and tax situations differ widely from person to person, and there is no one size fits all for most of these situations. Consult with your financial and tax

advisors for how any of these or other provisions that are changing in 2024 may affect you.

---

## Caitlin Harrington Joins Allen Financial



[Caitlin Harrington](#) of Appleton has joined Allen Insurance and Financial as a retirement plan coordinator, a newly-created position. She will be assisting Allen Financial advisors on client retirement savings plans.

Cait's career in finance and non-profit management in Midcoast Maine spans 20 years. She has a degree in accounting from the University of Maine and holds the Certified Professional designation from the Society for Human Resource Management (SHRM-CP).

---

# Your Year-End Financial Planning Checklist for 2023

As 2023 winds down, your focus may begin turning to holiday planning, family gatherings, and delicious food. You might even entertain the idea of getting your tax documents in order. Consider going a few steps further and preparing for a yearly check-in with your financial advisor to start 2024 with your money matters in good shape.

After all, it's been a year of changes that will likely affect your finances in one way or another. The passage of SECURE 2.0 in late December changed many retirement plan rules, interest rates have continued rising, and the Supreme Court struck down the Biden administration's proposed student loan forgiveness program.

How can you get a clear picture of what all of this means for your financial planning? By scheduling time to connect with your trusted financial advisor, of course. So, before you head to your annual meeting with your financial advisor, read over these questions and use them as a helpful guide for your conversation.

## **1. Can I Contribute More to Retirement Funds?**

Although the state of the economy might make you hesitant about setting additional income aside, consider whether you're financially able to maximize (or increase) contributions to your workplace retirement plan. At the very least, find out whether you're contributing the minimum to take full advantage of any employer match benefit. Increasing your contributions to a traditional IRA is another option, though you should be mindful that those with higher incomes may not qualify for a tax deduction.

## **2. Do I Have FSA Dollars to Spend or Carry Over?**

Use what you can from your flexible spending account (FSA) and check your employer's plan to see whether unused funds can be carried over to the next plan year. Although the rollover option applies to your employer's plan year rather than the calendar year, this year-end assessment is a good reminder to ensure that you're on track. If permitted, the maximum FSA carryover amount is \$610. If you have a dependent care FSA, you can save as much as \$5,000 (family limit) or \$2,500 (married filing separately) in 2023.

It's also a great time to discuss maximum health savings account (HSA) contributions if you have a high-deductible health plan (HDHP). This can be a complex topic, so it's a great idea to tap into your advisor's knowledge to learn more.

## **3. Should I Consider Roth Conversions?**

If you have some room in your current tax bracket before reaching a higher federal income tax rate, you may want to consider doing a Roth conversion. This would involve converting some of your pre-tax retirement savings, like in a traditional IRA, into a post-tax account, like a Roth IRA, so you'd never have to pay taxes on future earnings. Taxes would be paid upfront on the conversion amount, and you'd enjoy tax-free growth in the future. If this interests you, discuss this strategy with your advisor, who can help determine whether it's an ideal time to do a conversion. Your advisor can also run projections to see whether you would pay less in taxes over time with this strategy.

## **4. What Is Tax-Loss Harvesting?**

If some investments in your portfolio have suffered a loss, the end of the year is a common time to consider whether it makes sense to harvest losses by selling them. Doing so can offset gains you have realized in your portfolio as well as up to

\$3,000 of your earned income. Tax-loss harvesting can get complex, so this is a great topic to seek professional help on. Be aware: Investments can be repurchased only after a certain period; selling a security for a loss and buying back within 30 days does not qualify.

### **5. Do My Charitable Donations Qualify for a Tax Deduction?**

Charitable contributions donated directly to a qualified charity or a donor-advised fund can help you get a federal tax deduction. Keep in mind, however, that this is often beneficial only if you're itemizing. It's worthwhile to discuss with your tax professional whether your charitable contributions, in addition to other deductions, will surpass your standard deduction. For those older than 70½, a qualified charitable distribution (QCD) may be a viable option. In addition, 2023 is the first year QCD distributions (up to certain limits) are allowed to be gifted to charitable remainder trusts or charitable gift annuities, which could provide you with a right to income.

### **6. What Should My Strategy for Stock Options Be?**

If you have vested stock options included in your compensation package from your employer, now may be a good time to consider whether it would be more beneficial to sell them in January 2024 as opposed to this year. Review your stock option statement and plan document with your tax professional and discuss which year offers the best opportunity from an income tax perspective.

### **7. Do I Need to Think About RMDs?**

Some retirement accounts are subject to required minimum distributions (RMDs). This means once you near age 73, you may be required to start taking distributions from your retirement accounts, owing taxes on the way out. It's common for people to forget to take RMDs. What's more, recent legislation has made them a bit more complex, so RMDs for retirees and their

beneficiaries are best planned with your advisor to be sure that you're following the rules.

## **8. When Do I Need to Resume Repaying Student Loans, and Do I Qualify for Student Debt Relief?**

As a result of the Supreme Court overturning the Biden administration's proposed student loan forgiveness program, federal student loans resumed accruing interest on September 1, 2023, with payments resuming in October 2023. Those payments are subject to a 12-month on-ramp transition period during which default will be waived for nonpayment. The Biden administration has launched a new, income-driven student loan repayment plan—the Saving on a Valuable Education (SAVE) plan. A website for that plan can be found [here](#). To get the latest information, consult this helpful factsheet and sign up for updates on the U.S. Department of Education website.

## **9. Should I Update My Estate Plans?**

It's always a good idea to review estate plans as part of year-end financial planning. As life events happen, such as marriage or the birth of a child, your estate plan should be updated with your attorney. At the end of each year, discuss with your family how life events over the past year might affect your estate planning. When you meet with your advisor, be sure to update and review beneficiary designations, trustee appointments, power-of-attorney provisions, and health care directives. Also, the amount that may pass free of federal estate tax is scheduled to be reduced by approximately half in 2026, so you may need to plan for that.

## **Take Advantage of Your Advisor's Knowledge**

Although this year-end financial planning checklist covers a lot of ground, it's intended to serve as a springboard for planning conversations with your financial advisor. This checklist provides an excellent starting point to discuss issues and

deadlines most relevant to you. New strategies becoming available (e.g., rollovers from a 529 plan to a Roth IRA for the 529 beneficiary, subject to certain time restrictions and requirements) may also be worth discussing. Beyond that, be sure to add anything else you want to know to this list so you don't forget to inquire. An annual planning meeting is a great time to ask questions you need answered regarding your financial plans for the coming year.

These tools/hyperlinks are being provided as a courtesy and are for informational purposes only. We make no representation as to the completeness or accuracy of information provided on these websites.

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.

© 2023 Commonwealth Financial Network®

---

## **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.

*Third-party links are provided to you as a courtesy and are for informational purposes only. We make no representation as to the completeness or accuracy of information provided at these websites.*

# 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 donee. 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.

---

## **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.*

© 2023 Commonwealth Financial Network®

---

# **Do You Need Health Insurance for Your Trip Abroad?**

Whether you're traveling for business or pleasure, a trip abroad takes a lot of research and planning before the fun (or work) begins. In addition to looking up flights, hotels, attractions, eateries, and how to ask, "Where's the restroom?," in a new language, there's another important topic you should explore before you go: health insurance. There is always a risk of experiencing an unexpected illness or an injury on a trip. And, if you need medical care in another country, you don't want to be on the hook for the full expense if you can avoid it.

You've likely done careful budgeting to figure out how to finance your vacation, so the last thing you want (besides a health-related setback!) is an unexpected medical bill. Travel health insurance can help provide financial protection if you need medical care while abroad. This not only can provide peace of mind, but it can help you avoid potentially devastating financial losses if you become sick or hurt.

## **What Is Travel Health Insurance?**

Travel health insurance can provide coverage for expenses, including hospital stays, emergency medical care, and transportation costs when you're away from home. The specific coverage and benefits of each policy vary depending on the plan and the insurance provider, so it's important to understand what's covered and what isn't before choosing. Of course, you'll want to keep your costs reasonable, but you'll also want to be covered for the most likely scenarios.

## **Do I Really Need It?**

Your first step in figuring out the answer to this question should be to check with your regular health insurance provider

to determine whether your policy provides coverage for medical expenses incurred while abroad. If it's covered and you feel the coverage is sufficient, you may not need to look any further. Keep in mind, even if your regular policy offers some coverage, it may be limited or may not cover certain types of medical care, so ask about specifics. And it's important to note that Medicare isn't accepted abroad. Some credit cards offer travel insurance that may cover medical care, so that can be another option to explore. The cost of medical care can be much higher in other countries, especially if you need emergency care, so if your regular policy doesn't cover that, look into additional coverage.

It's also worth noting that some countries actually require proof of health insurance before they'll allow entry, including Cuba, Antarctica, and the United Arab Emirates.

### **What Types Are Available?**

The kinds of policies you can choose from include:

- Short-term travel health insurance. This provides coverage for a specific trip or period of time, usually up to six months. It can be a good option if you'll be abroad for a short trip.
- Long-term travel health insurance. If you're planning to travel for several months or even a year, a long-term travel health insurance policy may be a better choice for you. These policies typically offer more comprehensive coverage and may be more cost effective over an extended period.
- Medical evacuation insurance. This covers the cost of emergency medical transportation, such as an air ambulance, if you become seriously ill or injured while traveling. Although this might not be necessary for a standard trip out of the country, you'll want to consider it if you're traveling to a remote location or a country with limited medical facilities.

## **How Should I Choose a Policy?**

When making this decision, consider:

- **Coverage.** Look for a policy that provides comprehensive coverage for medical expenses, emergency care, and medical evacuation. If you have preexisting conditions, your policy should cover those (some don't, in which case having a preexisting condition would exclude you from coverage). Be sure to read the policy carefully so you know what's covered and what isn't.
- **Cost.** Travel health insurance can vary widely in price, so shop around and compare rates from different providers. The cheapest policy may not provide the best coverage, so consider the cost-benefit analysis when making your choice.
- **Provider network.** Check to see if the insurance provider has a network of medical providers in the countries you'll be visiting. An affordable policy that offers comprehensive coverage is of no use to you if it doesn't cover doctors in your destination.
- **Policy limitations.** Some policies may have limitations on coverage for preexisting conditions, adventure sports such as sky diving, or certain types of medical care.
- **Customer service.** Look for an insurance provider with good customer service and a 24/7 helpline you can contact if you need assistance while traveling (especially if there is a time difference to consider).

Once you've purchased insurance, be sure to carry your insurance card and/or a copy of your policy with you during your trip. If you do find yourself in need of medical care while abroad, the U.S. Embassy will be able to provide information about local doctors and hospitals. Even if you don't expect to run into medical issues, a sudden illness or accident can cause a huge financial loss. It's best to be prepared.

As always, we're happy to answer any questions you might have about this topic as you figure out your insurance needs. And we wish you happy and healthy travels!

© 2023 Commonwealth Financial Network®

---

## Should You Unretire?

You've planned, saved, and waited for retirement for years. When the time to stop working finally arrives, what will you do? You may be surprised to learn that many people go back to work.

People make this choice for a few different reasons. Some need the money, others crave social interaction, and some miss working for a goal or cause about which they're passionate. Whether your motivation falls into one of these categories or a different one, following are questions to ask yourself before deciding to start working again after you retire.

### **Do You Need the Money?**

Many Americans lack the necessary savings to maintain the same lifestyle in retirement that they had when employed. Others underestimate how long they'll live after retirement and don't have enough saved to last the rest of their lives. One obvious benefit of going back to work is earned income.

Given the current inflation rate and rising interest rates, it makes sense that many retirees return to work because they need money. But adding income doesn't just affect your bank account and spending capacity. It also has ramifications on your social security payments, health benefits, and pension.

**Social security.** If you've reached full retirement age (66 or 67, depending on when you were born), additional income from a job won't reduce your social security benefits. If you've opted to start collecting social security before your full retirement age, however, there is a limit on how much you can earn without having your benefits reduced. The limit in 2023 is \$21,240. If you earn more than that at your job, you will have \$1 withheld from benefits for every \$2 over the limit. Thankfully, once you reach full retirement age, that money will come back to you in the form of a higher check each month.

**Health benefits.** Once you turn 65, you qualify for Medicare. But earning additional income could push you to a higher tax bracket and, therefore, increase your Medicare premiums. If you're able to get medical coverage through your job, that might provide a more affordable option. You can then reenroll in Medicare later, though that comes with rules and deadlines you'll need to be aware of. The bottom line: Do your research on how working after retirement will affect your health benefits. Speak to a Medicare representative and/or benefits advisor at your company.

**Pension.** If you work for someone other than your original employer, your pension benefit won't be affected—you can work, receive a salary from your new employer, and also receive your pension benefit from your original employer. If, however, you continue to work past your retirement date for the same employer or you retire and then return to work for that employer, your pension may be affected in various ways.

Different plans have different stipulations regarding working and receiving your pension, so it's best to ask your company's plan administrator what your plan says. It's possible you can still receive your pension even if you continue to work. Other plans might suspend your pension while you work but will increase your payment when benefits resume to make up for the



suspension. There are some plans in which you'd forfeit the pension benefits during the time you're working. Find out what the rules are for your company's plan so you don't unexpectedly lose benefits.

### **Do You Miss Your Coworkers?**

Even if you don't need the extra income, you might miss the social interactions that come with a job. Or you might crave the mental stimulation from solving problems and working toward set goals. If your career was a passion, you might have a strong desire to continue working in that field after retirement. In these cases, you should still consider the financial effects of returning to work, but there are also nonmonetary factors to think about.

**Work-life balance.** If money isn't an issue, consider a part-time or flexible-schedule job. Freelancing or consulting will give you control over your time and allow you to maintain a healthy work-life balance. Tap into a hobby or passion to find a job you will enjoy. These types of roles can provide a purpose, activity, and goals—and likely won't feel as demanding as full-time work.

**Health and well-being.** The mental and physical toll of working is worth considering, too. If you've taken a break from your career due to retirement and you miss it, you might be forgetting stress or physical demands that came with the job. Be sure to assess the psychological and physical impacts of returning to work to ensure that your overall well-being isn't compromised.

Deciding to work after retirement is a personal choice that should be based on individual circumstances and preferences. It offers the opportunity for financial security, mental stimulation, and passion pursuit; however, it also carries the

risks of reduced leisure time, potential health challenges, and impacts on retirement benefits. It's important to carefully weigh the pros and cons to make an informed decision that aligns with the retirement lifestyle you seek. As always, we're available to advise you on retirement planning and the best course of action based on your personal goals and financial situation. Feel free to reach out to our office to discuss the option of working after retirement.

© 2023 Commonwealth Financial Network®

---

## **A Midyear Check-In with Your Financial Advisor**

As we near the halfway mark of the year, it's an ideal time to conduct a midyear financial planning review so you can assess your progress, make necessary adjustments, and ensure that you're on track to achieve your financial goals. This checklist of topics to discuss with your advisor can inspire conversations that help confirm you're headed in the right direction or adjustments that will get you back on target.

**Goals.** Begin by revisiting the financial plans you set at the beginning of the year. Have you made progress toward them? Are modifications necessary? This step will help realign your financial planning with your current circumstances. Consider any life events or changes that may require you to make adjustments. Update your personal financial records and ensure that they are organized and easily accessible for future reference.

**Budget review.** Have there been significant changes or unexpected expenses that would cause you to alter the budget you set at the start of the year? Identify areas where expenses can be reduced or eliminated. By analyzing your spending habits, you can identify potential savings and redirect those funds toward your financial goals. Determine if your budget needs to be revised to accommodate a difference in income, expenses, or financial priorities. If you didn't establish a budget in January, now is a good time to set one up. You might want to explore the many digital budgeting apps available to track your accounts and expenses.

**Income analysis.** Assess any changes in income streams or potential future changes that may affect your financial situation. You might also want to explore opportunities to increase your income through side hustles or alternative sources of income. Midyear is a good time to check your tax withholdings, too, especially if you've changed jobs or gotten a salary increase.

**Retirement planning.** Check your progress toward your retirement savings goals. Review your 401(k), 403(b), IRA, or pension plans, and consider adjusting your contributions or investment strategies to ensure that you are on track for a comfortable retirement.

**Debt management.** Have you made progress in reducing debts, such as student loans and credit card debt, so far this year? Consider strategies for accelerating debt repayment to see whether it's possible. This is also a good time to review your credit report and fix any issues or check for fraud. You're entitled to a free copy of your credit report from each of the three national credit bureaus (Equifax, Experian, and TransUnion) once per year. If you're paying off multiple debts, it's wise to focus on the ones with the highest interest rates

first to help you save more over the long term.

Investment performance. Review the performance of your investment portfolios and determine whether they still align with your goals. If necessary, think about rebalancing your portfolio or adjusting your strategies to optimize returns and manage risks effectively.

Risk management. Is your insurance coverage (e.g., life, health, and property insurance) adequate? Review beneficiary designations and update them if necessary. Think about any new risks or changes in circumstances that may require additional coverage to protect your financial well-being, such as marriage, having a baby, starting a business, or buying a house.

Estate planning. Although you probably won't need to update estate planning documents such as wills and trusts, it's a good idea to review them and ensure that they still reflect your wishes. Take into account changes in family or financial circumstances, such as marriage, divorce, or the birth of a child, which may require adjustments to ensure that your desires are met and your loved ones are protected.

Emergency fund. If unexpected expenses arise and you're unprepared, it could put your financial status at risk. You should have three to six months of expenses in an emergency fund. It makes sense to put any excess cash into this fund to be sure that you're covered in case you suddenly face unexpected costs.

A midyear financial planning review is an important step in maintaining control over your financial well-being and staying on track to achieve your goals. This list can help you evaluate your financial situation, make informed decisions, and adjust your plans accordingly. Please contact our office to discuss any item on this list or to set up a midyear meeting so we can help

you set the stage for a successful remainder of the year.

© 2023 Commonwealth Financial Network®

---

# Big Picture of Retirement Planning: Planning for the Spending Years

By [Sarah Ruef-Lindquist](#)

For [Pen Bay Pilot Wave](#)



Sarah Ruef-Lindquist, JD, CTFA

Many of us spend between 35 and 45 years working, earning and saving for retirement. People retire and shift into a spending mode but they often want to be sure they will have what they need, and won't outlive their money. Every day people thinking about their retirement ask me "How much do I need to have set aside to retire?"

Well, that depends. As financial advisors, we look at known data

and estimate some other amounts as best we can.

First, we look at the sources of projected “guaranteed” income like pensions or social security, and consider especially the timing of beginning one’s draw on social security. Beyond your Full Retirement Age (“FRA” which depends upon the year you were born) you can add 8% to the value of your benefit by waiting a year, up until age 70, which is the current mandatory age to begin withdrawing from social security.

Once we have a good estimate of “guaranteed” sources of income, we look at savings: We look at “qualified” accounts, like 401(k)’s, 403(b)’s and IRA’s. We look at ROTH accounts, that can be withdrawn tax-free. We look at non-qualified savings and investment accounts. We can use a ball park figure of 4% or maybe 5% (depending on how much someone wants to leave in their legacy at death) and calculate that percentage of both qualified and non-qualified savings that one could spend in a given year, and add that to the “guaranteed” amount we already estimated.

Then we look at expenses: usually the big unknown is health care. We examine lifestyle, whether there will be lower expenses upon leaving the workforce, or downsizing a home or moving, and what the resulting cost of living will be. Also, any plans to remain even part-time in the workforce. And we estimate whether there is excess income, or a gap to cover planned costs of living. This can help us determine if our current savings plan is “on track” or perhaps needs to be increased. Inflation is also a factor to be considered, now more than it has in recent years.

It makes sense to begin this kind of planning 10 years and certainly at least 5 years before any planned retirement date. It also makes sense before making any significant elections, like social security withdrawals, that may be permanent. Get in

touch with your Financial Advisor, and begin this very important conversation if you are planning your retirement.