

# **Sarah Ruef-Lindquist Discusses 'Pandemics and Planned Giving'**

Pandemics and Planned Giving was the topic of a presentation made by Sarah Ruef-Lindquist, JD, CTFA at the Northern New England chapter of the Association of Fundraising Professionals annual conference, held Nov. 3 and Nov. 4.

Ruef-Lindquist, a financial advisor at Allen Insurance and Financial in Camden, said the COVID-19 pandemic drove people to focus on estate planning, while the confluence of historic stock and real estate values, potential estate and income tax changes and compelling societal need has laid the groundwork for many fruitful conversations with organizations' most loyal supporters.

Ruef-Lindquist explored these dynamics, which she said could impact gift planning for years to come. Attendees at the conference, held in Manchester, N.H., included approximately 150 fundraising and non-profit professionals from across Maine, New Hampshire and Vermont.

Ruef-Lindquist has had a role in planned giving as an attorney, former trust officer and philanthropic advisor and consultant to non-profits across New England. She is outgoing president of the Maine Planned Giving Council and she previously served as vice president for Southern Maine at the Maine Community Foundation and CEO of the Maine Women's Fund.

*The Certified Trust and Financial Advisor (CTFA) designation awarded by the Institute of Certified Bankers, American Bankers Association.*

---

# The Value of Check Lists

By Chris Richmond

Originally Submitted to [WorkBoat Magazine](#)

At today's shipyards there can be a variety of daily tasks, all running the gamut across industrial and marine. Staying on top of safety is a full-time job and details are critical. You can micro-manage efficiently with simple check lists. Here are a few examples from a local yard we work with:

## **On the marine side**

**Station bills:** Are they relevant? If not, rewrite them.

**Wheelhouse:** All house lights, spotlights, running lights and deck lights; no hitches in the steering function or throttle function; fuel; check all instruments.

**Engine room:** All safety equipment, including safety glasses, hard hats, safety gloves, hearing protection, non-slippery decking, flashlights, fire extinguishers. Check all fluid levels and heat and shaft shielding.

**Charts:** Are they up to date? We all get lazy sometimes and rely too much on electronics to the point where we can't even find our charts. Channel markers are often updated and moved. Your GPS may need updating as well as your charts.

## **On the dry side**

**Company vehicles:** Tire pressure and wear, engine oil, lights and gauges. A complete safety check and a place to note unusual

items including whether anything is broken or protruding.

**Fork trucks:** Hydraulic fluid and all other fluids. Check the load lock (twice). Battery and safety equipment including fire extinguishers, also driver certification.

**User manuals:** Are they handy and can you quickly refer to them in case you need to troubleshoot a problem with your electronics? Most user manuals have a toll-free number to call in case you need expert help to figure something out. You may need to make one of those calls when you're out to sea and have nobody else to help you.

**Paint rooms:** All ventilation working; filters clean; respirator filters clean; all painters beard free and able to use coveralls, etc.; fire suppression systems checked.

**Welding shop:** All safety equipment, including helmets, gloves, eyewash station, welding curtains, all gas bottles chained in and welder leathers available to all.

Nothing is too obvious or basic to appear on a check list. Having checklists and using them effectively are two separate things. Keep track of how your employees are using them to stay on top of both safety as well as maintenance. This can help keep your equipment in good shape as well as keeping your claims down.

---

## When Six Inches of Rain Falls

# Overnight ...

We hope you are safe and sound after this weekend's rain storm. We're here to help, with answers to questions about flood insurance – and to talk with you about additions to your existing homeowners insurance coverage for things like sewer backup. Remember, you don't have to live in an official flood zone to purchase [flood insurance](#) – it's available to anyone and is more affordable than you think. No matter what your insurance question, you can always Ask Allen.

---

## What You Should Know About Hull Perils

By Chris Richmond

Originally Submitted to [WorkBoat Magazine](#)



Chris Richmond

A commercial hull policy can sometimes resemble an action-packed maritime novel: Covered perils of the sea can include men of war, pirates, letters off mart and detainments of all kinds are just some of the terms you might read there. But what about when you just have a problem with your engine? This may or may not be covered.

A hull policy is a named peril policy, meaning unless something is a stated peril- written right there in the policy - it is not covered. That said, a hull policy still provides rather broad coverage. There are always exclusions; for instance, wear and tear is not a covered cause of loss. But you should know about two coverages found in a hull policy: Latent Defect and Negligence of Repairers.

Latent Defect is defined as a flaw in material existing at the time of the building of the vessel or machinery not discoverable by ordinary methods of testing. While the expense of replacing the broken part is excluded, the ensuing damage can be covered.

Negligence of Repairers is another peril which can provide important coverage. Should you have a repair to your vessel's engine - and it fails - then you may have coverage. Case in point: An insured had a high-pressure fuel line fail repeatedly on his engine. An investigation determined that during a previous repair job, the repairer had not installed the proper number of clamps as stated by the manufacturer. This produced excessive vibration and eventually stress fractures. The client was relieved two-fold. First that he had found out why he was repeatedly blowing fuel lines, and also that he now had a covered cause of loss. Aside from the repair being covered, he could also claim loss of use from the cancelled charters that he suffered.

Claims can come in all different sizes and varieties. Don't be afraid to give your agent a call to discuss what is going on with your vessel. While it may initially appear that there is no coverage, some investigation into the root of the problem can often yield positive results.

---

# Your Guide to Year-End Financial Planning: A 10-Point Checklist

From the hope that came with reopening to the disappointment of another COVID-19 resurgence, 2021 is panning out to be another roller-coaster year. With the fourth quarter upon us, one routine remains consistent: it's time to start organizing your finances for the new year. New rules related to the pandemic, coupled with tax and retirement changes that carried over from last year, means there's a lot to consider. This checklist highlights some key points to help guide you as you get started.

## 1) Boost Your Retirement Contributions

**Workplace accounts.** Are you maximizing contributions to your workplace plan? If not, now's the time to think about increasing your contribution to take full advantage of any employer match benefit. For 2021, the maximum employee deferral for 401(k), 403(b), and 457 accounts is \$19,500, and individuals ages 50 and older can defer an additional catch-up of \$6,500. For SIMPLE IRAs, the deferral remains \$13,500 and the catch-up is \$3,000.

Traditional IRA. Maxing out your contributions to a traditional

IRA is another option. The SECURE Act repealed the maximum age for contributions, so individuals ages 70 and a half and older who earned income in 2021 can contribute to a traditional IRA. Modified adjusted gross income (MAGI) limits for contributions to traditional and Roth IRAs increased in 2021, so be sure to [review MAGI eligibility thresholds](#). The maximum contribution amount to a traditional or Roth IRA remains \$6,000 with a \$1,000 catch-up for clients ages 50 and older.

## **2) Use FSA Dollars and Make HSA Contributions**

Note that in 2020, the IRS relaxed certain use-or-lose restrictions for Flexible Spending Accounts (FSAs) that remain in effect this year. Employers can extend the grace period for unused FSAs up to 12 months in 2021. In addition, if you have a dependent care FSA, you can save as much as \$10,500 in 2021

If you have a high deductible health plan (HDHP), now is a good time to explore maximizing your Health Savings Account (HSA) contributions. In 2021, the maximum contribution for an individual HSA is \$3,600, and the maximum for a family HDHP is \$7,200. If you're age 50 or older you can contribute an additional \$1,000. We're happy to discuss prorated contributions with you if you had an HDHP for part of 2021.

## **3) Manage Your Marginal and Capital Gains Tax Matters**

If you're on the threshold of a tax bracket, you may be able to put yourself in the lower one by deferring some income to 2022. Here are a few thresholds to keep in mind:

- **37 percent marginal tax rate:** Taxable incomes exceeding \$523,600 (individual), \$628,300 (married filing jointly), \$523,600 (head of household), and \$314,150 (married filing separately)
- **20 percent capital gains tax rate:** Taxable incomes

exceeding \$445,851 (individual), \$501,601 (married filing jointly), \$473,751 (head of household), and \$250,801 (married filing separately)

- **8 percent surtax on investment income:** The lesser of net investment income or the excess of MAGI greater than \$200,000 (individual), \$250,000 (married filing jointly), \$200,000 (head of household), and \$125,000 (married filing separately)
- **9 percent additional Medicare tax:** W-2 earnings and self-employment income above the same MAGI thresholds as the investment income surtax (For clients with W-2 earnings above the MAGI thresholds, total Medicare taxes will be 2.35 percent; for self-employed clients, total Medicare taxes will be 3.8 percent.)

#### **4) Pay Attention to American Rescue Plan (ARP) Details**

This statute, signed into law by President Biden in March 2021, changed the Child Care Tax Credit and the Child and Dependent Care Credit (for 2021 only). It also changed the taxation of unemployment compensation and canceled student debt.

- **Child Tax Credit:** In July 2021, the IRS began issuing 50 percent of this credit in six monthly advanced payments. Payments are based on 2020 income, so if your income increased in 2021, keep in mind you may need to reconcile the advanced payments. Be sure to review your [eligibility for the credit](#).
- **Child and Dependent Care Credit:** In 2021, the credit is fully refundable. If your family earns less than \$125,000 annually, you may claim a 50 percent refundable credit on care expenses of \$8,000 for one child or dependent or expenses of \$16,000 for two or more children or dependents.
- **Unemployment compensation:** In 2020, \$10,500 of unemployment benefits were exempt from income tax. This



exemption does not apply in 2021, so if you received benefits but didn't have taxes withheld, it's possible you may owe taxes.

- **Canceled student debt:** Under the ARP, you won't owe taxes on student loans that are canceled or forgiven between 2021 and 2025. This relief applies to both federal and private loans.

## 5) Rebalance Your Portfolio

Reviewing your capital gains and losses may reveal tax planning opportunities, such as harvesting losses to offset capital gains.

## 6) Make Your Charitable Giving Payoff

The CARES Act above-the-line deduction was extended to 2021, meaning you can deduct up to \$300 per person (\$600 if you file jointly) for cash charitable contributions. If you itemize, the deduction of up to 100 percent for all cash charitable contributions is available in 2021. (**Please note:** This deduction doesn't apply to cash contributions made to donor-advised funds or private, nonoperating foundations)

Qualified charitable distribution (QCD) rules haven't changed, so if you're older than 70 and a half, you can make a QCD of up to \$100,000 directly to a charity; if you're married and filing jointly, you may exclude up to \$100,000 donated from each of your and your spouse's IRA.

## 7) Form a Plan for Stock Options

If you hold stock options, it's a good idea to develop a strategy for managing your current and future income. As part of this, be sure to have your tax advisor prepare an alternative minimum tax (ATM) projection. Keep in mind, ATM exemption limits increased in 2021 to \$73,600 for single tax filers and \$114,600 for married joint filers. If you're thinking about exercising incentive stock options, you may want to wait until January 2022

if, depending on your ATM projections, there's any tax benefit to waiting.

## **8) Prepare for Estimated Taxes and RMDs**

- Under the SECURE Act, if you reached age 70 and a half after January 1, 2020, you can wait until you turn 72 to start taking RMDs. RMDs are required in 2021.
- If you took coronavirus-related distributions (CRDs) from your retirement plan, we can review the repayment option you chose in 2020. Remember, the choice not to repay all of a CRD in 2020 is irrevocable.
- If you took a 401(k) loan after March 27, 2020, you'll also need to establish a repayment plan and confirm the amount of accrued interest.

## **9) Adjust Withholding and Prepare for Student Loan Repayment**

If you think you may be subject to an estimated tax penalty, consider asking your employers (via Form W-4) to adjust your withholding to cover shortfalls. The [IRS tax withholding calculator](#) can help you with your estimates.

Student loan payments, which the CARES Act paused in March 2020, are scheduled to resume in February 2022. If you reduced other debt during this period, you'll need to adjust your monthly cash flow to include upcoming student loan payments.

## **10) Assess Your Estate Plans**

Year-end is always a good time to review and update your estate plan to make sure it's still in line with your goals and accounts for any change in circumstances. Depending on your net worth, establishing a defective grantor trust, spousal lifetime access trust, or irrevocable life insurance trust may be an effective strategy to reduce your estate tax exposure. In addition, take the time to update your beneficiary designations and review trustee appointments, power of attorney provisions,

and health care directives.

### **Rely on Us as a Resource**

It's not too early to get a jump on planning—and even though your situation is unique to you, this high-level checklist can be a great starting point. Please feel free to contact us to talk through the issues and deadlines that affect you. We're also happy to collaborate with your CPA, attorney, and other professionals you work with to help ensure you're prepared for the coming year.

*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. 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.*

---

## **Understanding an HRA**

A health reimbursement arrangement (HRA) is an employer-funded account that is designed to reimburse employees for qualified medical expenses that are paid for out-of-pocket. [Additional information is on this “Knox Your Benefits” PDF.](#)

---

# The Top 6 Things to Know About Workers Compensation Insurance

By [Karen Reed](#) and  
[Krissy Campbell](#)

1. Workers' compensation insurance covers your employees' medical expenses if they are injured on the job.
2. Workers' compensation can reimburse the employee for their lost wages.
3. Workers' compensation can provide disability benefits.
4. Maine law requires you to carry it.
5. Workers' compensation can provide death benefits.
6. And the most important thing about workers compensation coverage? Having a knowledgeable local agent who can help you with managing the costs and your exposures.

When you have questions, Ask Allen. We're here to help.

---

## Commercial and Mixed-Use Real Estate

# How to balance property owner's dreams with insurance reality



Cale Pickford

By Cale Pickford

Originally submitted to [Maine REALTOR Magazine](#)

The effects of the COVID-19 pandemic have been far-reaching in all industries, but it seems clear that 2020 and 2021 have fundamentally changed the way business is conducted and, in turn, left an indelible mark on the commercial real estate market.

Demand for warehouses and distribution centers for e-commerce, self-storage facilities, affordable housing and certain retail spaces for grocery and pharmacy businesses is at an all-time high, while occupancy rates for hotels, retail, restaurant and traditional metro downtown office space have weakened significantly. Many of these struggling sectors were buoyed by federal stimulus money, and many of the changes to the way people work will remain for the foreseeable future. The impact

of this is being felt right here in the Pine Tree State.

Through both economic studies and anecdotal evidence, we know that Maine is getting a massive influx of new residents. Many are bringing their jobs with them and working remotely for employers elsewhere, while many others will be looking to start new small businesses in our state. Maine welcomes these entrepreneurs – but it is important that dreams intersect with reality before the purchase to bring about an understanding about how insurers look at mixed-use real estate. This knowledge can help you guide your clients in making a decision that will set them up for long-term success.

We can all agree that remote working is here to stay. While there is no question that many employees and business still find value in shared office space which facilitates professional and social interaction, it is clear that the idea that one has to be in a traditional office in order to be productive has been entirely debunked. As a client who recently moved from Massachusetts to Midcoast Maine told me, he could do his job from the moon if there was an Internet connection there.

For the most part, employees of larger companies who work from home do not have any unique insurance needs and a standard homeowner's policy will accommodate their professional use of the home. However, it seems like an equal number of people are bringing their professional expertise to Maine and are looking to work as freelancers or consultants.

Depending on the business sector, these independent professionals need to insure their business in many of the same ways that larger companies do. As with remote employees, so long as they do not have client traffic or employees in their home, they often can rely on a traditional homeowner's policy to insure their home, though it is important to note that that

policy will still exclude any business property or liability exposure. In order to close that gap, these independent professionals will need to secure a commercial insurance package policy, which provides general liability, business personal property (think of that expensive laptop and Zoom lighting set up) and most importantly, professional or errors and omissions liability insurance. Knowing the costs of this insurance program up front is an important component of a sound business plan.

How about those occupations where business cannot be conducted via phone, email and Zoom? Maine has produced and attracted artisans and craftspeople for generations and many of these creative and skilled people take advantage of the low cost, short-commute synergy that home-based businesses provide.

As with work-from-home professionals, the unmodified homeowner's policy excludes coverage for business activities and property. However, unlike use of a room at home for the new traditional office space, many other business activities will disqualify one from homeowner's coverage altogether. In instances such as these, usually the home or outbuilding where business is conducted (i.e. where the product is made) will need to be insured on a commercial policy and then the owner needs to be insured as a tenant of the commercial building.

This kind of hybrid solution picks up the personal property and liability protection which is excluded on the commercial insurance policy. Examples of businesses which might compromise eligibility for homeowners programs would be woodworking, boat building, commercial food products manufacturing, ceramics manufacturing with kilns, farming, and many others.

Historians and economists suggest that the pandemic-inspired paradigm shift will propel Maine to a transformational chapter characterized by sharp gains in property values, a younger and

growing population and economic growth. No doubt this current trend will continue, with many individuals and families making the leap of faith to move to Maine and following their dream. As a central advisor in that transition, make sure these dreamers and doers are considering all of the practical challenges that their move entails. And as always, a critical component of that advice is for your buyer to call a local independent insurance agent who understands your client's dreams and can suggest insurance and risk management solutions that will protect their future.

---

# Retirement Savings and Tax Legislation in the Pipeline

By [Sarah Ruef-Lindquist, JD, CTFA](#)



Sarah Ruef-Lindquist, JD, CTFA

Last October, I wrote about some of the changes possibly in store for individuals and their income taxes as 2021 approached.



Now, a year later, we have a little bit better idea of what MIGHT be in store, but Congress has not yet submitted a bill for the president's signature. There has also been some discussion and activity around further modification of laws for retirement savings in addition to those in the SECURE Act from 2019 that would impact how and when people save for retirement, and how those retirement funds are accessed.

We have had a House version and a Senate version produced on the tax laws, and here's what I'm seeing for possible provisions, based on what I'm reading and hearing from folks in DC who focus on these developing issues:

- According to an article in Forbes [1], income tax rates will rise modestly, bringing individual tax rates to 39.6% for ordinary income for married individuals who file jointly with taxable income over \$450,000, heads of household with taxable income over \$425,000, and unmarried individuals with taxable income over \$400,000.
- Maximum capital gains tax rates would also increase from 20% to 25%, for sales that occur on or after Sept. 13, 2021, and will also apply to Qualified Dividends. The present rate of 20% will continue to apply to any gains and losses incurred prior to September 13, 2021, as well as any gains that originate from transactions entered into under binding written contracts prior to September 13, 2021.
- For IRA owners with large IRAs, accounts that exceeds \$10 million as of the end of a taxable year, no further contributions will be allowed if the owner has taxable income over \$400,000, or married taxpayers filing jointly with taxable income over \$450,000. These large IRA owners will be required to make a minimum distribution equal to "50% of the amount by which the individual's prior year aggregate tradition IRA, Roth IRA,

and defined contribution account balance exceeds the \$10 million limit". Even more extreme treatment will apply to those who have over \$20,000,000 in combined accounts.

A "Secure 2.0" bill has some additional provisions for retirement accounts. According to [www.benefitspro.com](http://www.benefitspro.com)[2] , for those aged 62-64 with a 401(k), catch-up contributions would increase from \$6,500 to \$10,000. Similarly, for that same age bracket contributing to a SIMPLE IRA or Simplified Retirement Plan (SEP), catchups would increase from \$3,000 to \$5,000 per year.

Required Minimum Distributions (RMDs) are IRS-mandated amount of money that must be withdrawn from traditional IRAs or employer-sponsored retirement accounts each year. The current RMD start age is 72-years old, but this legislation would incrementally increase that age from 72- to 75-years old over the next ten years. A few extra years of tax-free appreciation and income could yield additional funds if the market does well.

- RMD 73 starting on Jan 1, 2022
- RMD 74 starting on Jan 1, 2029
- RMD 75 starting on Jan 1, 2032

The penalties for missing an RMD would also change. Currently, there is a 50% excise tax on withdrawals that do not occur within the specified window. SECURE 2.0 would reduce this penalty to 25%, and only 10% if corrected in a timely manner.

Finally, we wrote last year we were anticipating losing favorable tax treatment for inherited investments. Essentially, we were hearing that the long-standing "step-up in basis" was going away. This would mean that heirs would have to use the tax basis of their benefactor to calculate their own capital gain upon sale of these assets, rather than using the value on the date of the benefactor's death for basis. This was the "step-up"

we had come to use for many years to reduce the impact of capital gains on inheritances. The provision appears to be safe – for the time being – as its removal is not in the most recent versions of proposed legislation.

Be sure to check in with your financial and tax advisors about how these provisions may impact your tax or retirement savings situations. The final versions of the legislation may differ widely from what we have summarized above.

Sources:

[1]

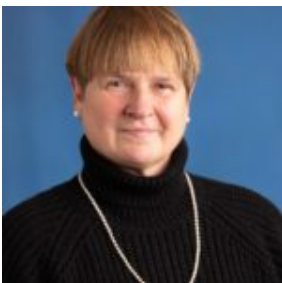
<https://www.forbes.com/sites/alangassman/2021/09/16/income-tax-law-changes-what-advisors-need-to-know/?sh=7170396517ff>

[2]

<https://www.benefitspro.com/2021/09/16/what-americans-need-to-know-about-the-secure-act-2-0/?slreturn=20210904132953>

---

# 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  $\frac{1}{2}$  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  $\frac{1}{2}$  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.