

To Buy or Not to Buy . . . When Do You Need Life Insurance?

Whether you need life insurance depends partly on your stage of life. If you're younger, you may have less need for coverage. As you move along the path in life, you'll likely have more of a need. And, as your responsibilities lessen, your need may decrease.

Here's a look at how your phase of life affects your life insurance needs.

Young and Single

As a young adult, you likely don't depend on others for financial support. In most cases, your death wouldn't create a financial hardship for others, making life insurance a low priority.

You could argue that you should buy now! The cost of life insurance factors in several things, including your health. At this point in your life, rates will probably be low. Now, while this may be a valid argument if you're at higher risk for medical conditions (e.g., diabetes) later in life, for now, you may want to consider investing the money you'd spend on premiums.

Some exceptions to this include:

- You have a mortgage or other loans with a cosigner. Your death would leave them entirely responsible for the debt, so you may want insurance to cover this.
- You have a child or you're supporting your parent/grandparent.

As they depend on you, life insurance could provide support for them if you were to die.

Married . . . with Children (Or Without)

Married couples without children have little need for life insurance, especially if you both contribute equally to the household and don't have a mortgage.

Once you buy a home, though, it's a different story. Even if you both have well-paying jobs, the mortgage debt may be more than one person can handle on a single salary. And other debts, such as credit cards, can add to financial worries. In this situation, both of you should consider buying a modest amount of life insurance to provide financial support.

If you start a family, your life insurance needs are at their peak. In most cases, it's appropriate for both parents to have life insurance.

If your family has a single income, it is completely dependent on that salary for financial security. In this case, both parents should carry enough life insurance to cover lost income or the economic value of lost services—like having to pay for childcare if the stay-at-home parent dies.

Dual-income families need life insurance, too, because it's likely the surviving spouse will suffer financial hardship keeping up with household expenses and childcare costs.

Separation Anxiety

If you get a divorce, you'll need to decide what to do about your life insurance, both from a beneficiary and coverage perspective. Add in dependents and it becomes more complex.

Keep it simple. If you don't have children, it may be as simple as changing your beneficiary and adjusting your coverage.

Work it out. If you have children, the custodial and noncustodial parents will need to work out the details of your life insurance. You'll want to make sure your children—and not your ex-spouse—are provided for in the event of your death. This may mean purchasing a new policy or changing the beneficiary to your children. If you and your ex-spouse can't agree, the court will decide for you.

Climbing the “Corporate” Ladder

So, how do career changes affect your life insurance needs? It's important to review your coverage whenever you leave your employer or start your own business.

When you leave your job, any employer-sponsored group life insurance coverage typically ends. Find out if you'll be eligible for group coverage with your new employer or look into purchasing coverage yourself. You may also be able to convert your group coverage to an individual policy; it may be more expensive, but it's a good choice if you have a preexisting medical condition that may prevent you from buying life insurance coverage elsewhere.

You should review your coverage amount, too. Your policy may no longer be adequate, especially if you've incurred more debt and expenses. If you own a business, consider your business debt. If your business isn't incorporated, your family could be responsible for those bills if you die.

The Golden Years

Ah . . . retirement! Once you hit these golden years, your life insurance needs may change again. If fewer people depend on you financially, your debts have been paid, and you have substantial financial assets, you may need less coverage than before. But it's possible that your life insurance needs will remain the same. The proceeds from your life insurance can be used to pay

for your final expenses or to replace any lost income for your spouse (e.g., social security or a pension). Proceeds can even be used to pay estate taxes or as a charitable donation.

No matter what phase of life you're in, it's a good time to review your options and decide whether you need coverage and, if so, how much. If you'd like to discuss options, please reach out to me or my office.

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.

Commercial Hull Policy Coverage & Equipment On and Off Your Vessel

By Chris Richmond

Originally Submitted to [WorkBoat Magazine](#)

Your commercial hull policy provides coverage for more than just your hull. A policy may extend coverage to the “hull, tackle, apparel, engines, boilers, machinery, appurtenances, equipment, stores, boats and furniture.”

But what happens when you have a claim involving any one of these items? If the claim is covered, then you will first have to pay the deductible. Depending on the amount of hull coverage

you have, this can be rather sizable and may well exceed the value of what was damaged. Let's look at some ways to help improve your coverage

Do you have a tender? Have it listed separately on the policy with its own hull limit and a smaller deductible. The liability from your vessel still extends to the small boat but when the tender has its own hull value listed, you can have a much more manageable deductible. And don't forget to tell your insurance agent when you buy a new outboard for the tender. This can greatly increase its value and quickly exceed the value for which you have insured the tender.

Do you store items ashore during the off season? Some policies will reduce the coverage on these items while off the boat by covering only claims based on fire. Be aware: Should an item be stolen then your boat's policy will not react.

Have you installed special equipment on your vessel to perform specific work? They can be scheduled on your policy with a stated value along with an appropriate deductible.

Do you operate equipment overboard? Good luck getting that added to your commercial hull policy. If you have ROV units stored on board your boat you may be able have them scheduled on your hull policy but as soon as they go overboard coverage would cease. Obtaining a stand-alone policy specifically written to cover your ROVs is the proper way to provide coverage. This policy will react to claims from incidents both on the boat as well as in the water.

Take a moment to look at your boat and the equipment that you have on board, then give your insurance agent a call and discuss the current limits you for the vessel and everything on it, especially what can be stored (or is stored) on land. You will be happy you did should you need to file a claim.

President Biden Announces COVID-19 Vaccine Mandates for Federal Employees and Large Employers

On Thursday, Sept. 9, 2021, President Joe Biden signed executive orders requiring federal workers and contractors to get vaccinated against COVID-19. Biden also directed the Occupational Safety and Health Administration (OSHA) to draft a new emergency rule requiring all businesses with 100 or more employees to ensure all of their workers are either tested for COVID-19 once a week or fully vaccinated. [This News Brief explains further.](#)

Employee or Independent Contractor? It Makes a Difference!

By [Sally Miles](#)

Have you ever thought about the difference between an employee and independent contractor?

The answer can be found through a series of questions created by the [Maine Department of Labor.](#)

Paying someone using a 1099 not does automatically make them an

independent contractor.

The facts of the relationship between the business and individual conducting work determine whether you have an employee or independent contractor.

When it comes to insurance, this distinction is important because a business's payroll (the people who are true employees and not independent contractors) will impact both their workers compensation insurance and general liability insurance policies, in terms of both cost and risk exposure.

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

Investor360[°] Security Enhancement: Multifactor Authentication Required on Sept. 9

A note to our financial planning clients:

To create a more secure login process in Investor360[°], multifactor authentication (MFA) will be required for all users (mobile and desktop platforms) beginning Sept. 9, 2021.

What Does This Mean?

When you log in after Sept. 9, you will be asked to set up MFA in Investor360[°] on either a desktop browser or mobile app. A set

of instructions will appear on your desktop or mobile device screen to assist you with the setup process. We're including a link here to the [Investor360° Mobile Reference Guide](#).

Want to Download Investor360° Mobile?

On your mobile device, you can download Investor360° Mobile from the [Apple Store](#) or [Google Play](#).

Questions?

If you have any questions or would like to give feedback about Investor360° MFA, please give us a call at 236-4311.

Here is a Crash Course in 529 Plans and Their Impact on Financial Aid

Are you worried about the rising cost of education? 529 plans can be powerful college savings tools when you understand how to take full advantage of them.

Start with the Basics

529 plans are tax-advantaged college savings plans sponsored by a state or state agency, and there are two types:

- **Prepaid tuition plans.** With this type of plan, tuition and fees for a specific school are paid in advance.
- **Savings plans.** These are tax-advantaged investment vehicles (the account grows tax deferred, like individual

retirement accounts [IRAs]). Savings can be used at most accredited colleges and universities in the U.S. or abroad.

Make Your Plan Work for You

When timed appropriately, contributions and withdrawals can help maximize your 529 plan. With most plans:

- **You can only contribute cash.** This includes checks, money orders, and credit card payments. You can't contribute stocks, bonds, or mutual funds without liquidating them first.
- **Anyone can contribute.** With a 529 plan set up, gift giving just became easier!
- **There are investment options.** You can choose how to invest your contributions from a variety of investment portfolios.
- **You may be able to use funds for K-12 education.** Be sure to check as not all states recognize these updated provisions for K-12 education.
- **Research tax impacts.** Withdrawals used to pay qualified education expenses are free from federal income tax and may also be exempt from state income tax.

The CliffsNotes on contributions. To qualify as a 529 plan under federal rules, a state program can't accept contributions more than the anticipated cost of attendance for the most expensive schools in the country. Most states have contribution limits of \$350,000 and up per beneficiary.

The type of plan determines the limits:

- **Prepaid tuition plans.** These limit total contributions.
- **Savings plans.** These limit the value of the account (contributions plus earnings).

- **Minimum contribution requirements.** Some plans have requirements, such as minimum opening deposits or yearly contribution amounts.
- **State guidelines vary.** Contributions made to one state's 529 plan don't usually count toward the contribution limit in another state. Be sure to check the rules of each state's plan.

Should you fund your plan in a lump sum or over time?

- **Monthly investments may be an easy option.** 529 plan earnings grow tax deferred and can be withdrawn tax free if used to pay for qualified expenses. The sooner you put money in, the sooner you can start to generate potential earnings.
- **A lump sum may have unwanted gift tax consequences.** With limited opportunities to change your investment portfolio, you could get locked into undesirable investments for a period of time.

Timing is everything! Although 529 plans are tax-advantaged accounts, potential federal tax impacts are something to keep in mind. Under special rules unique to 529 plans, you can gift a lump sum of up to five times the annual gift tax exclusion—\$75,000 for individual gifts or \$150,000 for joint gifts—and avoid federal gift tax, provided you make an election on your tax return to spread the gift evenly over five years. (The federal gift tax exclusion is \$15,000 for 2021.)

Withdrawals should also be coordinated with education tax credits—the American Opportunity Credit and Lifetime Learning Credit—because tuition expenses used to qualify for a credit can't be the same tuition expenses paid with tax-free 529 funds.

What About Financial Aid?

During the financial aid process, income and assets are examined to determine how much the student should be expected to pay for school before receiving financial aid. To maximize the beneficiary's future financial aid options, pay close attention to who is listed as the owner of your 529 plan.

How to handle 529 plans owned by parents. The value of any parent-owned 529 plan will be listed as an asset on the Free Application for Federal Student Aid (FAFSA). Colleges and the federal government typically treat 5.64 percent of parental assets as available to help pay college costs. By contrast, student assets are assessed at a rate of 20 percent.

Here are some additional things to keep in mind about parent assets:

- **Will the plan be considered an asset?** Parents are required to list a 529 plan as an asset only if they are the account owners of the plan.
- **A note for students who are dependents.** A 529 account owned by a dependent student—or by a custodian for the student—is reported on the FAFSA as a parental asset.
- **Yearly income guidelines.** If parental adjusted gross income is less than \$50,000 and they meet a few other requirements under the simplified needs test, the federal government doesn't count any of their assets.* In this case, the 529 account wouldn't affect financial aid.
- **Subsequent years may look different.** For parent- and student-owned 529 plans, funds aren't classified as parent or student income the following year when they're used to pay for qualified education expenses.

What about grandparent-owned 529 accounts? If a grandparent is

the account owner, the 529 plan doesn't need to be listed as an asset on the FAFSA. Withdrawals from a grandparent-owned 529 account, however, are counted as student income—which is assessed at 50 percent—on the FAFSA the following year. This means financial aid eligibility could decrease by 50 percent in the year following the withdrawal. Grandparents may want to wait until their grandchild's last two years of college to make a withdrawal if they are concerned about the potential impact on financial aid.

Preparation Is Key

You should review all your options to ensure that you're financially prepared for education expenses. If you'd like to discuss 529 plans—or any other options—or if you have any questions about the information presented here, please contact me or my office.

** An applicant who qualifies for the simplified needs test may still be required to report assets on the FAFSA if they live in a state that requires asset information to determine eligibility for state grant programs. The asset information will be used only to determine eligibility for state grant programs. It won't be used to determine eligibility for federal student aid. The states include Colorado, Georgia, Hawaii, Illinois, Minnesota, New Jersey, New Mexico, Ohio, Oklahoma, South Carolina, Vermont, Washington, Washington D.C., Wisconsin, and Wyoming.*

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.

The fees, expenses, and features of 529 plans can vary from state to state. 529 plans involve investment risk, including the

possible loss of funds. There is no guarantee that a college-funding goal will be met. To be federally tax free, earnings must be used to pay for qualified higher education expenses. The earnings portion of a nonqualified withdrawal will be subject to ordinary income tax at the recipient's marginal rate and subject to a 10 percent penalty. By investing in a plan outside your state of residence, you may lose any state tax benefits. 529 plans are subject to enrollment, maintenance, and administration/management fees and expenses.

© 2021 Commonwealth Financial Network® Qualified Expenses:

- College/university cost of attendance (tuition, fees, books, equipment, and room and board)
- Certified apprenticeship programs (fees, books, supplies, and equipment)
- Student loan repayment (\$10,000 lifetime limit per beneficiary and \$10,000 per each of the beneficiary's siblings)
- K-12 tuition expenses up to \$10,000 per year

Why Contractors Should Consider Errors & Omissions Coverage

By [Krissy Campbell, CIC , ACSR](#)

Contractors face several potential hazards in today's competitive and litigious society; customers are sometimes quick to allege negligence in a contractor's work.

Contractors Errors & Omissions insurance, also referred to as E&O insurance, provides coverage for things such as damages arising out of unintentional faulty workmanship, installed products, recall of their work and impaired or defective property.

Questions about contractors E&O insurance? Ask Allen. We're here to help.

Welcoming a New Employee-Owner, Taylor Ankers

[Taylor Ankers](#) of Rockland has joined Allen Insurance and Financial as a receptionist in the company's Camden office.

A newly licensed Maine property & casualty insurance producer as well as a Maine Notary Public, Ankers is a graduate of Oceanside High School in Rockland and attended the University of Southern Maine. Before joining Allen, she worked locally in the banking industry.

Jennifer Coffin Earns Safeco

Insurance Award of Excellence

[Jennifer Coffin, ACSR, CPRM](#), a personal insurance account executive with Allen Insurance and Financial, has earned the Safeco Insurance Award of Excellence, an honor recognizing superior underwriting skill.

This recognition is achieved only by a select group of agents across the country who sell [Safeco Insurance](#).

“Excellence in underwriting means bringing exceptional customer service together with a deep understanding of the complexities of insurance coverage to create great outcomes for our customers,” said [Scott Carlson](#), manager of the personal insurance division at Allen Insurance and Financial. “Jen and the entire Allen personal insurance team do that daily by ensuring customers get the insurance coverage that works best for them. This recognition is well deserved.”

The Safeco Award of Excellence honors outstanding agents who have developed a solid underwriting relationship with Safeco and whose agencies have qualified for the Safeco Insurance Premier Partner Award, the company’s top recognition program. Fewer than 10 percent of agencies who sell Safeco have agents who receive this award.

Coffin, of Nobleboro, has been with Allen Insurance and Financial since 2004. She holds both the Accredited Customer Service representative (ACSR) and Certified Personal Risk Manager (CPRM) designations.

Allen Insurance and Financial is a multi-year President’s Award and Premier Partner agency, recognition given only to the best independent insurance agencies that sell Safeco. Safeco is a [Liberty Mutual Insurance](#) company.

Maintenance, Cure and Wages – and Your Insurance

By Chris Richmond

Originally Submitted to [WorkBoat Magazine](#)



Chris Richmond

Commonly referred to as The Jones Act, coverages under the Merchant Marine Act of 1920 provide broad benefits for your crew. It is always important to review what your crew are entitled to and what insurance you should have for this.

Under the MMA of 1920 if a crewmember is injured or falls ill while in service to the ship then they are eligible for maintenance, cure and wages.

Maintenance is lodging and meals should an injured crewmember have to find alternative accommodations due to the claim; the

cure is doctor's visits and medical treatment until maximum medical cure has been reached and wages are the pay the affected crewmember would have earned had they not been laid up. Your protection and indemnity policy will respond to this if you have crew coverage.

Be sure to keep your crew count accurate as you can. If you have more crew on board than you have listed on your insurance policy, you may suffer a co-insurance penalty. Insurance companies generally don't like to cover something (or someone) who isn't specifically written in a policy.

It is also important to remember that maintenance, cure and wage claims are no-fault. This means a crew member only has to establish that they were in service to the ship at the time of their injury or illness and then these benefits are available to them.

Though this can vary, the standard to establish seaman status as a crewmember is generally seen as spending 33% of one's time in service to the ship.

I always tell my clients to let an adjustor determine whether or not a claim is valid. If you know of an incident or a crew member reports one, turn in the claim and let the insurance company decide. Otherwise, you may face suit under the Jones Act.

The Jones Act allows for crewmembers to sue the vessel for damages resulting from injuries they may have suffered aboard the vessel either because of negligence or unseaworthiness. Should the claim be successful the crewmember would be entitled to future lost wages as well as damages for pain and suffering. Again, the crewmember must establish seaman status - but again, let the insurance adjuster make that call.

You P&I insurance can be one of your vessel's larger expenses but a claim that is not handled properly can cost you much more. Don't be afraid to let your agent know what is happening on board involving injuries. You're paying for your insurance to cover you when you need it in cases like these.