

Sarah Ruef-Lindquist Featured Speaker at May meeting of the MDI Nonprofit Alliance



Sarah Ruef-Lindquist,
JD, CTFA

Sarah Ruef-Lindquist, JD, CTFA of Allen Financial was the featured speaker at the May meeting of the MDI Nonprofit Alliance (MDINA) held recently at the Acadia National Park Headquarters offices.

MDINA is a collaborative group of nonprofits in the Mount Desert Island area who share event planning, development and other resources, including educational programming, to support their respective missions. Some of the participant groups who were represented at the meeting include the Criterion Theatre, Camp Beechcliff, Jackson Laboratories, Jesup Library, Schoodic Institute, MDI Nursing Association, Island Connections, YWCA, Bar Harbor Food Pantry, Southwest Harbor Library, Friends of Acadia, Wendell Gilley Musuem, Healthy Acadia and Island Housing Trust and host, Acadia National Park.

Ruef-Lindquist spoke about the policy foundations and recognition practices she views as necessary to have fiscally-sound and successful planned giving programs. Her background as an attorney, financial and philanthropic advisor, trust officer and board member contribute to her unique perspective as an advisor and fiduciary and how they approach potential gifts through clients' estate and financial planning. She was invited to present as a long-time member of the board of the Maine

Planned Giving Council, an association of non-profit board and staff as well as professional advisors involved in the industry of gift planning.

Given the unprecedented intergenerational transfer of wealth taking place in the United States, and the projections for gifts to non-profit organizations during the next 30 to 40 years in the trillions of dollars, organizations would be well-served to pay greater attention to this area of resource development to build their long-term financial sustainability, Ruef-Lindquist said. She is no stranger to Hancock County, having worked as a Senior Administrative Trust officer for Union Trust until a merger in 2008 with Camden National, and as a past board member and development chair for the Abbe Museum.

Welcoming Charles Luce



Charles
Luce

Charles Luce has joined Allen Insurance and Financial as a Group Benefits Account Manager in the company's Benefits Division.

Luce, who has his State of Maine Life, Accident & Health Producer's license, will work with clients on a variety of insurance products, including group health, life, dental and disability insurance.

Luce is based at the company's offices at 31 Chestnut Street in Camden. He joined the company in March 2018.

Luce is a graduate of Dartmouth College, in Hanover, N.H. He

brings decades of experience in the financial services industry, including Fidelity Investments, Nationwide Insurance, and more than over nine years with Unum, as well as valuable group benefits agency and brokerage experience.

He and his wife and twin 16-year old daughters live in Camden.

2017 Tax Reform and the Impact on Alimony Decreed After 2018: Divorce is Hard Enough...Don't be Blind-Sided by This One!



Sarah Ruef-
Lindquist,
JD, CTFA

By Sarah Ruef-Lindquist

For as many years as I can recall, when a party to a divorce was ordered to pay alimony, their “consolation prize” was that the amount was deductible for federal income tax purposes. This was usually tax efficient for the parties overall, since the payor of the alimony was usually in a higher tax bracket than the recipient, so the net that the recipient received was higher than it would be if the payor had to pay the tax. The recipient of the alimony had to treat it as taxable income on their federal return. It was actually considered earned income.

With the December 2017 Tax Reform signed into law, all of that

will change.

For divorces after 2018, the payor of alimony will no longer be able to deduct the amount from their income. Additionally, the payee, or recipient of the alimony, will no longer be taxed on it as income. What is ironic about this is that for years, the tax benefit was given to the higher earner, the one who was paying the alimony. That made sense. Essentially, one could view this change as a tax increase, because the tax liability of the payor in most divorce situations is likely greater than that of the payee, or recipient. This could be viewed as a tax increase overall for those who divorce after 2018.

For those whose 2018 and earlier divorce decrees are modified after the end of 2018, the modification must choose which tax treatment they want, or it will default to the old. Parties negotiating their alimony going forward should be mindful of this new treatment. In proceedings for which there is no decree before the end of 2018, payee spouses can reasonably anticipate that payor spouses will try to have their alimony obligation reduced to reflect the loss of the deduction, but at the same time, the payee spouse does not need to take into account a federal tax obligation for the alimony as income. It is unclear how Maine plans to treat alimony for payees.

What is clear is that recipients of alimony can no longer treat it as earned income for the purposes of establishing eligibility for making contributions to an IRA. In other words, if you receive alimony under a decree dated after 2018, you can't claim it as earned income to allow you to make IRA contributions to help you save for retirement. One may make contributions to an IRA (up to \$5,500 per year, or \$6,500 if you are 50 or older) but only to the extent of earned income.

As with any financial decisions, be sure to check with your financial or legal advisor about the impact on your tax liability of any decree relating to your domestic relations situation.

Meet Our Medicare Team at the MidCoast Senior Expo

Join Jo-Ann Neal and Anna Moorman at the MidCoast Senior Expo, Friday, May 18 from 9 a.m. to 2 p.m. at the Elk's Lodge, 210 Rankin Street in Rockland.

Jo-Ann and Anna will be ready to answer questions about Medicare. The event is expected to draw 32 exhibitors and is sponsored by Maine Senior Guide.

Wendy Byrd, Group Benefits Account Manager, Obtains Life & Health License



Wendy Byrd

Wendy Byrd, group benefits account manager at Allen Insurance and Financial, has obtained her State of Maine Life and Health insurance license so that she can help clients with a variety of insurance products, including health, life, dental and disability insurance.

Byrd joined Allen Insurance and Financial in July 2017 and is

based in the company's Benefits Division, located at 31 Chestnut Street in Camden. She assists clients with insured benefits questions.

Byrd is a graduate of Lewiston High School and the University of Maine, and is certified as a benefits account manager by the National Association of Health Insurance Underwriter (NAHU).

The NAHU Benefits Account Manager Certification provides account manager professionals with an understanding of the complex and critical role an account manager plays in the health and benefits arena.

Your Financial Well Being

By Sarah Ruef-Lindquist, JD, CTFA

Do you have financial well-being? Many of us see our doctor and dentist at least annually to be sure we know our physical well-being and have a chance to do what we can, on our own or with the help of medicine, to maintain our physical well-being.

But what about our financial well-being? Is there a test, or a standard, against which we can measure this? How do we know whether we have financial well-being?

According to the Consumer Financial Protection Bureau, "(financial) well-being is defined as having financial security and financial freedom of choice, in the present and in the future." This includes control over day-to-day finances, the capacity to absorb a financial shock, the financial freedom to make choices that allow one to enjoy life, with a clear path to meeting financial goals.

www.consumerfinance.gov/reports/financial-well-being. Each person's perspective on enjoying life is different, so there's

no “one size fits all” approach.

The CFPB article discusses how social and economic factors can increase or diminish a person’s opportunities, while financial behavior can be guided by personality, attitudes, knowledge and skills. Decisions a person makes every day about the options available to them drive and often determine their financial well-being.

Living within our means is a key behavior for financial well-being. Sometimes that requires tough decisions which can, in the long run, increase your chances at financial security. Making poor decisions can have the opposite – and disastrous – effect.

As financial advisors, we often review with clients just what their cash flow is, and what they might do to improve it. Often this is to optimize their retirement savings over time for the future or encourage their living in a way that will optimize – for as long as necessary – the retirement savings on which they are already relying.

Making a realistic plan with desirable goals is also critical. If the plan is not realistic, it’s a recipe for failure. So is a plan with an end result that is not a compelling goal. It simply won’t motivate the good decision-making required to stick with the plan.

To find out about your financial well-being, see a financial advisor, and then get an annual “check-up.” Having a professional help you analyze and provide input on your situation, while developing a realistic plan for your goals and then reviewing it annually can make the difference between financial security and insecurity both now and in the future.

Making Lemonade? Charitable Giving Strategies in 2018 and Beyond



Sarah Ruef-
Lindquist,
JD, CTFA

By Sarah Ruef-Lindquist, JD, CTFA

The Tax Relief and Jobs Creation Act that was signed into law at the close of 2017 is touted as the most extensive tax reform legislation since the 1986 Tax Act, which I came to know early in my professional career as a lawyer and philanthropic advisor. In the 1986 act, there was a lot we took for granted in the itemized deduction world, including the once sacred charitable income tax deduction for itemizers. Essentially losing that deduction because of the dramatic increase in the standard deduction has become cause for concern for the charitable sector. [I've written before](#) about why that might be misplaced, but I want to focus here on what strategies have not changed in that legislation that still are powerfully tax efficient giving strategies that support annual funds and planned giving alike. For those age 70 $\frac{1}{2}$ or older with IRAs they can give up to \$100,000 total to charity or charities in any given year without having to recognize the income tax that would otherwise be payable on distributions. Why? Because a direct Qualified Charitable Distribution (QCD) can be excluded from income. That's a significant amount of potential philanthropy. A donor could take advantage of the QCD method to make annual gifts, or a larger planned gift. I often advise clients who are eligible

to do this kind of gifting even when itemizing the gifts for a deduction is an option, because it's potentially more tax efficient.

When one receives a distribution from their IRA and then makes a gift from the proceeds on which they will be taxed, they may increase their Adjusted Gross Income in a way that exposes one to a higher level of income tax on Social Security Benefits. They may also bump themselves into a higher income and/or capital gains tax bracket. One of the best features of this strategy is that donors can use their Required Minimum Distribution (RMD) that they must otherwise withdraw from their IRA to make these gifts. The result? That income that was put aside without tax will become a charitable gift without deducting any tax, which many people find compelling.

If you are age 70 $\frac{1}{2}$ or older, or work in development and have donors in this age demographic, consider the QCD option and what it could mean for you or your organization's donors. As with all gifting strategies, be sure to obtain competent, independent legal and tax advice before making a significant charitable gift.

The Right Kind of Umbrella

We have all heard the jokes about Maine weather, and none of us would be without the essentials: our snow shovel and an umbrella. The question is: Do you have the right kind of umbrella?

You are responsible for bodily injury, property damage and personal injury caused to another person by you, your dependents, even your pets. Your home and auto liability have

limits to what and how much they will cover in the event that you are sued. A Personal Umbrella Policy not only raises the dollar limit above and beyond your current policies, but also broadens what will be covered.

This is the way it works: Let's say your homeowners policy has a limit of \$250,000. You have a pool and a neighbor's child is injured while swimming. The neighbor sues you. The case is lost and your neighbor is awarded \$400,000.

Your homeowners liability kicks in and pays your limit of \$250,000. On top of that the policy pays the attorney fees you racked up to defend you in court. But what about the \$150,000 not covered? If you have an umbrella policy, it kicks in where the homeowners left off and pays the balance of the award up to its limit. If you do not have enough coverage on your homeowners policy and if you do not have an umbrella, the remainder of the award comes from you. Your paycheck, your house, your car, your assets!

One of the best aspects of an umbrella policy is that because they do not start to pay until the limits of your home or auto policy have been exhausted, they are very reasonably priced. On average you can purchase a \$1 million umbrella for less than \$150 a year. That's a little more than \$12 a month.

Only you can make the decision that best suits your needs. Individuals with teenagers, pets, pools, who volunteer in civic groups or who own a business should give careful consideration to the need for additional liability coverage.

Sherree Craig Achieves NAHU Advanced Self-Funding Certification



Sherree L.
Craig, CEBS

Sherree L. Craig, CEBS, senior account executive in the Insured Benefits Division at Allen Insurance and Financial, has achieved an Advanced Self-Funding Certification from the National Association of Health Underwriters.

The NAHU Advanced Self-Funding Certification ensures knowledge of regulatory concerns, service model options, cost-containment strategies and underwriting concepts necessary for providing advice and direction on employer self-funded health plans.

Craig has been with Allen Insurance and Financial for 20 years. She works with businesses across Maine on their employee benefits offerings.

“Employers have limited options to control their own health plan expenses with an insurance company. Self-funding is a valuable tool to consider for a company’s health plan strategy,” said Craig. “This certification allows me to better assist businesses who elect to self-fund their medical plans with using the most cutting edge cost-control techniques, while assuring that they are fulfilling their plan sponsor obligations.”

Deb McDonald Achieves ACSR Designation



Deb
McDonald

Deb McDonald, a business insurance account manager at Allen Insurance and Financial recently achieved the designation of Accredited Customer Service Representative in Commercial Lines from the Independent Insurance Agents & Brokers of America.

McDonald has been with Allen Insurance and Financial since 1995. She lives with her family in Union.

The ACSR designation program was developed to recognize the contribution made to each customer by the service they are provided through independent insurance agencies such as Allen Insurance and Financial.

Independent Insurance Agents & Brokers of America is the nation's oldest and largest national association of independent insurance agents & brokers with more than 300,000 members. Find them online at independentagent.com.