

Good News for Maine Non-Profits

By Sarah Ruef-Lindquist



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According to Giving USA 2017, philanthropy grew to a record \$390.05 billion in 2016 to U.S. charitable organizations, 2.7% more than 2015, another record-setting year. It may have helped that personal consumption and disposable income were up by almost 4%, and that the S&P ended the year 9.5% higher than it began, despite a politically tumultuous year. The annual report is an ongoing collaboration of the Giving USA Foundation, the Giving Institute and the Lily Family School of Philanthropy.

Here in Maine, we don't have the 2016 data just yet, but the most recent Giving in Maine 2017 Report shows that individual giving in 2014 was over \$451 million, up about 4% from the previous year.

Many years, Maine falls into the bottom 3 or 4 states in terms of total annual charitable giving. But Mainers are generous when it comes to making gifts to charities through their estates. Maybe they can't afford to share more of their wealth while they are alive, but when they're gone, they remember their favorite community organizations as if they were a member of the family. Looking deeper into the data over the past 7 annual reports, Mainers have giving almost \$800 million to charity through their estates or bequests, an average of \$100million per year, according to the Maine Philanthropy Center's reports. While the

dollars may be fewer in comparison to many other states, the average frequency of estates making gifts to charity is often higher. Data collected by the Maine Philanthropy Center has shown that 27% of taxable estates in Maine – versus 20% nationally – make charitable gifts. That's a significant number, and speaks to the thoughtful generosity of people who care deeply about their communities, making gifts when it makes sense for them. That's good news for Maine non-profits.

Carolyn Mitchell Achieves ACSR Designation

[Carolyn Mitchell](#), a personal insurance account assistant based in the Camden office of Allen Insurance and Financial recently achieved the designation of Accredited Customer Service Representative in Personal Lines from the Independent Insurance Agents & Brokers of America.



Carolyn
Mitchell

Mitchell of Camden, has been with the company for 13 years.

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.

Individual Health Newsletter | June 2017

Read our June 2017 Individual Health Newsletter (PDF, new window).

[Click here](#).

Medicare Newsletter | June 2017

Read our June 2017 Medicare E-Newsletter (PDF, new window) .

[Click here](#).

Weddings Bells...Hope for the Best, Plan for the Worst? The Weaponization of Debt and Assets in Divorce

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



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Family violence, domestic abuse – those phrases evoke images of bruises, physical scars, broken limbs.

But there is another aspect of abuse, and it has an economic and financial face.

There's been a lot in the news lately about financial abuse of elders, and rightly so.

The vulnerability of our aging population, combined with the ease of attaining access to account information, credit and assets via internet technology can be a dangerous combination in the wrong hands.

Financial abuse happens in domestic and marital situations as well, and often it is difficult, if not impossible, to unravel and restore the economic health of the abused partner once the abuse is discovered.

In addition to exercising control over a spouse's access to money, or damaging their credit, making them financially reliant upon the abusing spouse, a spouse can simply harm the credit or reduce their assets in order to make life miserable for their

spouse before or during a divorce. Sometimes the abuser benefits financially in the process.

Here's a scenario: Prior to communicating plans to seek a divorce, a spouse forges the other spouse's signature on loan documents, and spends the money on travel, dining and entertainment of themselves and others.

The spouse could buy a car on credit and incur debt on jointly held credit cards. That spouse then files for divorce, claiming the other party should be responsible for half (or more) of the debt, from which they did not benefit.

While there are remedies for fraudulent conveyances and other types of misappropriation of assets, often the upheaval and emotionally draining process of divorce can distract from these options and add cost and delay to already complex litigation, and the non-abusing party ends up paying much more – or losing more – than their share.

In her article *Financial Intimate Partner Violence: When Assets and Transactions Become Weapons*, 22:2 Domestic Violence Report 17 (Dec./Jan. 2017) Hastings College of Law professor Jo Carrillo calls for state law domestic violence prevention reform to ensure that “survivors should not have to fund their own harm, and perpetrators should not benefit from their wrongdoing.”

She argues that just because there are no signs of physical or emotional abuse in a marriage doesn't mean there hasn't been financial abuse, which she terms 'economic' or 'financial interpersonal violence'.

She cited a case where one spouse mortgaged jointly held property out from underneath the other by forgery, and spent the proceeds, leaving the marital asset fully encumbered, without any equity.

This is just one example that isn't necessarily the kind of abuse that manifests in a pattern of controlling behavior, like restricting access to credit or money to render the other person

dependent, but rather using credit, assets and money as weapons to harm the other party in the process of dissolution of a marriage.

How can a spouse protect themselves from this kind of situation? One way is to maintain separate financial lives in a marriage.

Each person has his or her own checking account into which their earnings are deposited, and then a household account is used to which each contributes in order to pay shared expenses.

Each person has his or her own retirement account by law, but also maintains separate investment accounts, and credit card accounts.

Deposit and investment accounts can be made “payable on death” by one spouse to the other, rather than held jointly, to ease the access of the other upon death if consistent with advice on estate plans, but joint access is not possible during lifetime.

The advantages to this kind of approach are two-fold; never is more than one’s share for monthly expenses at risk, but one retains control and knowledge of one’s resources and liabilities throughout life, so there are few, if any, surprises when something unexpected happens, like a divorce or death.

If have joint accounts of any kind – deposit, investment or credit – think critically about where you would be if the worst happened: if you were subjected to any level of financial abuse. Consider whether separate financial lives could help the outcome, “just in case” the worst happens.

This article first appeared at PenBayPilot.com

Newsletter for Non-Profits, May 2017



Non-Profit
Navigator
May 2017

We're pleased to share the May 2017 edition of our Non-Profit Navigator. [Click here to read it \(PDF, new window\).](#)

Topics in this edition include Planned Giving and Understanding Employee Benefits Liability.

If you would like to receive this newsletter by email, please contact Sarah Ruef-Lindquist at srueflindquist@allenfg.com.

5 Tips for Larger and Planned Gifts

From Sarah Ruef-Lindquist



Sarah Ruef-
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The following are organizational and operational “standards” that can be appealing to foundations, donors & their advisors.

If you have others you would be willing to share, please email me and let us know what they are.

1. Make your board-adopted Gift Acceptance Policy available online and on paper to professional advisors and their donors.

Professional advisors (attorneys, accountants, financial advisors, trust officers) play an important role in planned giving: They will advise their client about – and often author – the terms of any planned gift to the charity or charities included in an estate plan.

Before they can advise their client or craft the language, they must know the terms of your organizations Gift Acceptance Policy if the gift is restricted, not cash nor readily marketable securities. When your organizations adopts such a policy or approves any substantial amendments, provide that information to the professional advisors with whom your donors may have a relationship; this would include (at a minimum) the estate planning attorneys, financial planners, bank trust officers and accounting professionals in your vicinity. If you need help determining who they are, ask a member of the board of your local planned giving council or estate planning council.

2. Make your duly board-adopted Investment and Spending Policies available online and on paper to Professional Advisors and their donors.

In considering whether to make a planned gift to your organization that would become part of the organization's endowment, a donor and their professional advisor will examine the way in which the organization invests its fund and the board's policy on spending such funds.

An investment policy should reflect the goals of the organization in having the endowment, and the risk tolerance,

benchmarks and performance review mechanisms to be used. Similarly, a spending policy will show a donor just exactly what amount will be available to support the organization on an annual basis in the future, or how that amount will be calculated year-to-year.

3. Don't let your organization's leadership think of endowments as a luxury.

- Endowments are a necessity for sustainability and express the importance of your organization's mission and leadership's commitment to it.
- From a donor's perspective, having an endowment may give them an opportunity to create a legacy that will, with an appropriate spending policy, assure them their gift will support the mission for generations to come.
- It also gives donors a choice for how to make a substantial gift, and who doesn't like choices when making a big decision?
- It communicates that your organization has deliberately contemplated the future and is planning and working towards providing for that future. This conveys the organizations strong sense of its own worth in the landscape of charity and philanthropy, and the paramount importance of its mission.

4. Optimize your organization's presence and appeal on the landscape of charities in your area or mission area of interest.

Consider adopting standards and practices for organizations such as Guiding Principles and Practices for Nonprofit Excellence in Maine published by the Maine Association of Non Profits in 2007 available at www.nonprofitmaine.org, and Standards of Practice for the Model Gift Planner from www.charitablegiftplanners.org,

and similar standards found in the Donor Bill of Rights of the Association of Fundraising Professionals, available at www.afpnet.org, that show all types of donors, including corporations and foundations, that your organization is functioning at an optimal level of accountability.

5. Scan your organization's 501(c)(3) letter and make it available in the development or history area of your web site.

This makes it almost as easy as possible for advisors and donors to know you have the status required for deductibility of gifts for income, estate or gift tax purposes. The letter is generally available on-line at www.guidestar.org, but placing it on your site saves the professional advisor the trouble of going to a second site after yours; they will be well-advised to have a copy for their client file.

April is Financial Literacy Month

By Sarah Ruef-Lindquist



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Did you know April is National Financial Literacy Month? In

2004, the Senate passed Resolution 316 establishing this, and according to the Financial Awareness Foundation, the goals include:

- Substantially improve financial awareness and financial literacy across all ages, incomes and demographic groups.
- Alert the public why having a current and up-to-date financial and estate plan is an important financial responsibility not only to themselves but to their families, loved ones, and their philanthropy.
- Inform and educate the general public, in an entertaining format, to the essential principles of smart personal financial management.
- Motivate the public to take action to get and keep their financial house in order with up-to-date estate and financial plans.
- Guide the public in finding the right professionals to cost effectively help establish and keep their financial and estate plans up-to-date.
- Help educate financial service and nonprofit professionals and their organizations to better serve their clients, the general public, and potential donors.

The Foundation also points out societal benefits to a higher degree of financial literacy:

- Families benefit by learning the essential principles of smart personal financial management so they can make better informed every day financial decisions, and have the best opportunities to reach

and maintain their personal financial freedom, security and advance their personal philanthropy.

- Employers benefit from having employees who are less stressed, happier and more productive.
- Financial institutions and their professionals benefit by acquiring new business from more informed and motivated clients.
- Nonprofits benefit with increased donations, planned gifts, alternate beneficiary selections and bequests from more informed and motivated donors and volunteers.
- Philanthropists benefit by helping to solve a major social problem that leads to a better world.
- Universities benefit by having alumni, faculty and staff who are less stressed, happier and more productive and more philanthropic.
- The news media benefits by providing its audience with timely valuable information.
- Municipalities benefit by having happier and financially successful constituents, and a reduced strain on social welfare services.
- Everyone actually benefits with a stronger and financially sound economy

The articles we post here –about saving and planning for retirement, and estate planning – are meant to support and even increase reader financial literacy throughout the year. Let me know if there are topics related to financial planning that you'd like to see addressed. Please email me at srueflindquist@allenfg.com.

To learn more about the Financial Awareness Foundation, visit www.thefinancialawarenessfoundation.org.

This article first appeared at Pen Bay Pilot.com

Budget AND save for retirement without making yourself crazy?

By Sarah Ruef-Lindquist



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The 60% Solution is a way to budget without having to account for every penny spent. After all, the goal of budgeting is simply to control overspending and prevent unnecessary debt.

The 60% Solution aims to keep your **committed expenses** at or below 60 percent of gross income, to help you come out ahead at the end of the month. Although your number might be a bit higher or lower, 60 percent is a feasible goal and a good place to start.

Gross monthly income (or income before taxes) \$_____

_____ 60 percent of gross monthly income \$_____

Committed expenses can be defined as the following:

- Basic food and clothing needs \$_____

- Essential household expenses, including mortgage or rent payments \$_____
- Insurance premiums \$_____
- Charitable contributions \$_____
- All bills, even nonessentials such as cable TV and Internet service \$_____
- All of your taxes \$_____

Total: \$_____

Do the six items above equal 60 percent of your gross monthly income? If not, see what can give.

The remaining 40 percent of gross income is divided into four chunks of 10 percent each, listed here in order of priority:

- **Retirement savings.** Contributions to qualified retirement plans (e.g., 401(k)s, IRAs)

10 percent of gross monthly income \$_____

- **Long-term savings.** Not technically a retirement account because you have access to the money should you need it. (Brokerage account and even your emergency fund; alternatively, a portion of this could be education savings, such as a 529 plan.).

10 percent of gross monthly income \$_____

- **Short-term savings for irregular expenses.** Money for vacations, repairs, new appliances, holiday gifts, and other irregular but more or less predictable expenses.

10 percent of gross monthly income \$_____

- **Fun money.** You can spend this on anything you want during the month.

10 percent of gross monthly income \$_____

Using this method, you more or less trick yourself into saving without having to count pennies every month. The savings can build up quickly, and so can your budgeting confidence!
This article was first published at PenBayPilot.com

Discipline + Dollar Cost Averaging = Progress toward Financial Goals

[By Sarah Ruef-Lindquist](#)



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My first post about goal setting might have gotten you thinking about or reinforced your resolve to decide “*when do I want to retire?*” or “*I want to be able to buy or build a house in 10 years, so I need to save for a down payment*”. If that is true, then your next thought might have been “Well, how do I go about getting there?” The simplest answer I have for that question is “Discipline; Not a lot necessarily, but some”. Technically, it involves dollar cost averaging. Practically speaking, it’s just intentional saving. Let’s look at an example that applies to most of us: retirement planning.

Say you are 35 years old and your goal is to retire at 65. You are self-employed car mechanic with steady income having built

your business up since high school, pay all your household bills and credit cards on time and tuck money away for emergencies, holidays and a vacation, but you haven't started saving for retirement. You are married, and contributing to social security. If your life expectancy is 85, you have 20 years after retirement at 65 to plan for.

If you are starting at -0- retirement savings now at age 35, you need to start saving 12% (\$400 a month, for \$4800 a year) in a qualified retirement plan (IRA, SEP IRA, 401(k)) in order to have "sufficient" retirement savings. There are many assumptions about this calculation, like a 2% annual income increase, a low rate of inflation, 90% of your income needed at retirement for living expenses, a 7% rate of return before retirement on those savings invested in the market and 4% after, having shifted assets into more income-producing, reduced-risk securities upon retirement.

But you get the idea: a disciplined approach, putting a predetermined amount into your retirement plan – a 401(k), SIMPLE, SEP or other kind of qualified plan – can help get you where you want to go. One of the reasons is dollar cost averaging, which essentially is the practice of investing an amount over time that tends to allow the investor to average a cost lower than the price of their investments over time. You'd also be taking advantage of the tax-deferral and reinvestment of dividends and income that is possible with qualified retirement plans. But it takes discipline. Not a lot, but enough. Take advantage of an automatic monthly withdrawal from your checking account to your qualified retirement account and revisit it every year as your income, presumably increases, to increase the amount of the monthly transfer, and you will begin on the path to reach your goal. See a financial advisor to help you determine what your retirement plans should include now and as you work toward success in achieving your retirement goals.

This article was first published at PenBayPilot.com