Fail to plan? Plan to Fail.

By Sarah Ruef-Lindquist

Sarah Ruef-Lindquist, JD, CTFA

Fail to plan? Plan to fail. Your family’s financial future should not be left to chance. A thorough, thoughtful plan that provides for you and your family as you desire is a gift you give to those close to you and those you will leave behind.

The law lets us say who we want to take care of us and our property through mechanisms like powers of attorney, health care powers of attorney, advance directives and trusts, so we don’t burden our families with having to guess or subject ourselves unnecessarily to interference from courts deciding what they may think is in our best interests.

Power of Attorney documents can give another person the ability to transact on our behalf, and if they are “durable” can survive our incapacity. But caution is needed: One granting another power of attorney must be completely sure that the person will always act in your best interests as your agent, and understands your personal preferences in how you want to live and how you want your resources managed. This can avoid a court proceeding to have someone appointed as your conservator, which requires a public proceeding to determine incapacity, which can be humiliating.

Health Care Power of Attorney (HCPOA) documents can give someone the ability to communicate and decide on your behalf about your medical care when you are no longer in a position to do so. Again, it is very important that the person granted the power acting as your agent understands your personal preferences for medical care, including end-of-life treatment preferences. This can help us avoid guardianship proceedings which, like conservatorship, involve a public proceeding to determine our incapacity.

What is known as a Living Will is a document that instructs health care providers on whether you want life-sustaining treatment in the face of a terminal condition in a persistent vegetative state. It takes the decision out of the hands of a family member or anyone named as an agent in a HCPOA, communicating preferences directly from you to medical providers. It usually says that no heroic measures will be used to prolong your life, but only comfort care will be provided.

Trusts can include provisions for managing our assets and our personal affairs and care, by naming a "trustee" and placing assets into the trust that will then be used for our care, and distributed at death as the trust directs upon death. This usually avoids the public probate process for not only guardianship or conservatorship while we are alive, but the probate at death that distributes estates. People usually have a will that "pours" everything into the trust that the person didn't place into the trust before their passing.

Beneficiary Designations on life insurance, retirement plans like 401(k) and IRA's, provide to whom any balance will be paid when you die. Those should be reviewed annually to be sure they still reflect your wishes.

Don't have a will? Then the state has written one for you, and you probably wouldn't like what it says! Each state has what is known as an "intestacy statute" (Maine's is 18-A MRSA Section 2-101, et seq) which provides what will happen with your estate after you die if you did not leave a validly executed will. In Maine, the intestacy statute first looks at whether you left a surviving spouse, children, parents, grandparents, great grandparents and others, and depending on who survived you, your

estate will be divided among them in varying share amounts. These amounts may be quite different from what you would want, so it makes sense to decide what those amounts should be – if any – on your terms. There are limits on the ability to not include a spouse, because of their rights in property. Most charitable gifts through estates need to be specified in a will or trust, so intestacy will not address those.
So take the time to plan, and create certainty around how you will be cared for, your assets managed for you and then distributed as you would want them to be, rather than leaving it all to chance.
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Setting Goals and Meeting Them

By Sarah Ruef-Lindquist

Sarah Ruef-Lindquist, JD, CTFA

How many times have you gone to a restaurant for dinner and just told the server “Give me whatever you want to and I’m sure I’ll like it.”? Probably never. Why? Because when you go out to eat, you usually want to choose what you like from a menu of items, rather than leave it up to someone else who doesn’t know your likes and dislikes.
Or how many times have you gotten in your car and said “I don’t really care where I end up. I’m just going to drive until I run

out of gas.”? Probably never. You wouldn’t think of setting off to hike the Himalayas without studying up on the terrain, culture and maybe even finding a local guide to accompany you, to make it the kind of experience you want it to be.

Planning for your financial future can be similar: If you don’t decide what you want, you might not get anything you would want. In other words, if you haven’t decided on a desired destination, you’ll probably never get to one that’s desirable.

Setting a goal like “I want to be able to retire when I’m 65” is fantastic and powerful. Everything you do with your finances from that point on can have that goal in mind, with strategies designed to achieve it. What kind of strategies? They might include reducing and eliminating all debt, and even having no mortgage by age 65, and contributing regularly to a retirement plan as much as your circumstances will allow.

Speaking of Retirement: relying on social security to provide sufficient support in retirement is not necessarily a sound plan. Especially for women. According to a November 2016 article by Mary Beth Franklin in Investment News, “Why Social Security is Crucial for Women,” in 2013 women’s average annual Social Security benefit was $12,851 for those age 65 and older versus $16,590 for men, and makes up almost half of those women’s retirement income.

Do you have a goal? Take a moment to envision a goal that is important to you, then set about doing what you can to achieve it, with the advice and professional support of your financial advisor.

About the author: Sarah Ruef-Lindquist is a lawyer and former trust officer who works at Allen Insurance and Financial in Camden, Maine, in the areas of endowment building through planned giving, wealth management and estate planning with special attention to women’s planning needs. She holds FINRA Series 7 and 66 registrations, and is a Certified Trust and Financial Advisor.

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Health Insurance Outside of Open Enrollment

Open enrollment for individual health insurance coverage ended Jan. 31 and at this time the only way someone can enroll in a health insurance plan is if they've experienced a qualifying life event.
At this time our agency does not participate in enrollments outside of the open enrollment period. We have developed a document with information where to get assistance outside of open enrollment.
Click here for PDF.

Ease Your Way In To The Global

Stock Market

Heads up, you know darned well that you have to do something with your money. Something besides enjoying your weekends and getting your hands on the latest electronic gadget. That something, as you have probably already figured out is about getting up close and personal with the world of investments.

Yeah, it may look like a bit of work. It may even not look so appealing with all of those pundits on TV jumping up and down and screaming at the market gyrations. Yet the fact remains that taking care of your personal financial future is your responsibility and yours alone. Unless and until you happen to hit the Big One with the Powerball lottery or some sort of odd windfall, the reality is you need to start putting money away, like right now.

Not under your mattress

> *The only sure thing you can count on is our friends at the Internal Revenue Service (IRS) doing what they do to make sure you pay your fair share.*

Now it goes without saying but better we just go ahead and say it anyway; putting money away does not mean stuffing it under your mattress or throwing your hard earned money at a company stock your pal insists is a “sure thing”. Nope, not so much. The only sure thing you can count on is our friends at the Internal Revenue Service (IRS) doing what they do to make sure you pay your fair share. The point of all this: strategically putting your money into the market is a recognized way to help fund your retirement.

Fund the 401(k) first

Now that being said, for the purposes of this article this investing stuff is going to only ever be done after you have maximized your 401(k) plan options at work and after you have also set up your very own Individual Retirement Account. In other words, maximize the retirement plans and options you already have first and foremost. Then, its time to dip your toe into what the pro’s refer to as the equities market.

Reality of investment returns

And lest you should be thinking that there are better options out there, well to be blunt, you would be wrong. You see, the truth of the matter is that any investment can show off and have a stellar performance for a short period of time. The bigger and better question is what is the long term return of the investment option you happen to be looking at?

With just a little bit of homework, okay not even that much, you can easily check this out for yourself with a quick Google search.

What you will find is that over the long term, equity investments (think stocks) consistently return an average of 7%. Yes, that includes good years and not so good years. The point is that 7% number is actually pretty high compared to other “so-called” investments such as real estate, gold, or even collector coins.

Ease In Plan

Which brings us to the focus of today’s article: how can you ease your way into the market without taking a beating. Taking a beating would mean something like handing over $2,500 to your online broker only to discover that the value of your portfolio (the stocks you bought) has suddenly and without warning plummeted to like $1,374.00. Ouch! No wonder so many would be investors shy away from the market.

Yet, do not lose sight of that 7% long term return number discussed above. So let's see where we are. You understand the need to get into the market. Yet at the same time you are leery of investing your hard earned money and risk losing some or all of your cash. Is there a way out of this quandary? Thankfully there is.

The Answer

The solution is to use a strategy referred to as Dollar Cost Averaging (DCA). Although the term itself may sound esoteric, the strategy is ridiculously easy to understand and put into practice. Essentially dollar cost averaging works by you only ever investing a certain fixed amount on a regular schedule. For example, suppose at the end of every three months, you put $325.00 into the market.

In other words, you are funneling $325.00 per quarter into your investments. But, that is NOT the same as putting in a lump sum at the end of the year. The point is to put in the same amount at a regular interval.

What happens is that when the market prices are high, you end up with fewer shares. That's okay though because the same thing works in reverse. When the market is low, that same amount of money invested will get you more shares. Do you see how easy this is?

A side benefit of dollar cost averaging that could end up saving you from making a catastrophic decision is your investments are on cruise control. That is, Dollar Cost Averaging takes the emotional highs and lows out of the investing thing. Sadly most investors who aren’t up with DCA do the exact opposite of what successful investors do. That is, they buy high (when the market rises) and sell low (usually in a panic when the market drops).

Conclusion

You owe it to your future personal financial situation to get into the market like right now. Knowing and understanding the strategy of Dollar Cost Averaging is an easy way to get started and to keep it going.

Now it’s on you. Have you considered something like dollar cost averaging as a way to ease into the market?

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Post from [Your Finances Simplified]

True or False? – It Takes Money to Make Money

The short answer is YES; of course it takes money to make money. To make money in the stock market, you must have money to make the initial stock purchases. Starting a business requires money to buy inventory, marketing materials, office space and equipment. Even lottery winners have had to have the seed money.

The ability to execute an idea

Great inventors and industrialists became great, not so much because of their ideas, but because of their ability to execute. This is the crucial aspect.

It Really Does Take Money to Make Money

Now before discouragement sets in, I want to stress that it doesn’t necessarily have to be your money. As we all know, ideas have value. This *value* can be unleashed by using other people’s money (OPM). OPM, has launched many a fortune based on nothing more than a fine idea.

> *What these great men had in common was the ability to execute, which as we’ve already determined, requires money.*

Ideas, however, are like sphincters—everybody has one (or more). Taking an idea from wishful thinking to a viable business enterprise requires (you guessed it) MONEY! In the not too distant past, finding the money to turn ideas into realties was an arduous task. Loans from friends and family, bootstrapping with your own assets and credit, angel investors and venture capitalists were the only available sources of capital.

The process of turning an idea into a commercially viable product or service is known in the entrepreneurial community as execution. Great inventors and industrialists became great, not so much because of their ideas, but because of their ability to execute. Samuel Morse wasn’t the first to invent the telegraph; Thomas Edison was not the first to conceive the light bulb and the venerable Alexander Graham Bell wasn’t the first to envision the telephone. What these great men had in common was the ability to execute, which as we've already determined, requires money.

History of these inventions

If we delve into the history of these three inventions, we learn that an Italian, Antonio Meucci, was the first to develop a working telephone. He filed a temporary patent 5 years before Bell but poverty and poor health prevented him from paying the patent office the $10 fee required for the patent's renewal.

Heinrich Goebel was likely the first to invent the light bulb. In fact, he tried selling Edison on the idea but Edison wouldn't bite. Goebel died a couple of years later and Edison bought the patent from Goebel's impoverished widow for a song.

A French inventor by the name of LeSage invented the telegraph 60 years before Samuel Morse. The idea didn't take root in France but Morse brought it to fruition here in America.

These examples demonstrate the important roles money and execution play.

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Post from Your Finances Simplified

Uncommon Wealth Building Wisdom – The Benchmark

There is a common trait that shows up on the road to building your wealth. This trait shows up as you continue to add to your investment portfolio. You do have an investment portfolio don't you? And don't even start the blame game when this trait is revealed in just a moment.

Here is what this is all about: in a word, Benchmarks. In and of itself, a benchmark would seem to be an important part of evaluating the performance of your investment portfolio. And, truth be told, if there were actually one accepted benchmark that could be universally applied, that might actually work. But the reality is that investment performance is not so simple.

Get a better benchmark

Instead of always trying to play catchup with an industry benchmark, there is a better strategy. A strategy that will allow you to grow and expand your portfolio over time without freaking out every time you see your portfolio statement.

Lessons From The Diet World

> *You are barely into the entryway of the store before you notice the section with the largest selection of books. Yep, it's weight loss.*

Here's an analogy that illustrates the point being made here. Head into any neighborhood Barnes & Noble or similar bookstore. You are barely into the entryway of the store before you notice the section with the largest selection of books. Yep, it’s weight loss. The point for you to see here is that if there were one diet that worked for everyone and every circumstance there would not be such a wide selection of diet books on those shelves.

The exact same concept applies to the world of investing. You can prove this for yourself with a quick Google search. Search for investment benchmarks and you get something like 26 Million Search Engine result pages. Obviously there are not that many ways to measure the performance of your investments, but still, the point should be glaringly obvious.

What “They” Say

Now take a look at the world of investments. Suppose you have a diversified investment portfolio that you have been funding for a few years. What do “they” tell you to look at? Most often, investors are told to compare the performance of their portfolio to that of a major benchmark. You might even discover that your financial advisor is using this benchmark to demonstrate how well you are doing. Suppose your portfolio is being compared to the S&P 500.

Actually, the S&P 500 is a commonly used portfolio performance comparison benchmark. How does this show up in the real world? Suppose you pay for the services of a personal financial advisor. Your advisor might send you a glowing report this quarter indicating that your investments outperformed the S&P 500. Wow! Your advisor is a genius. How about if you send in some more money?

Hold on a sec! What about the other side of this equation? Suppose, the next quarter you get a different letter. This time your advisor is lamenting the fact that for some inexplicable reason your portfolio lagged the S&P 500. Now what? Is your advisor an idiot? Or is there something else going on here?

Wrong Benchmarks

You see, the reality is that if the last scenario turned out to be true, you might not have reacted so well. In fact, you may have found your self dialing your advisor to find out what the_____ is going on here?

What’s going on here is you are engaged in a comparison game that does not make sense over time. As you have probably noticed by now, the market goes up and the market goes down.

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Post from [Your Finances Simplified]()

Top Budget Hacks for Planning and Accounting

Something most rags-to riches stories have in common is that a good budget is always needed to help anyone achieve financial security. If you want to significantly improve your credit, you have to learn how to pace your spending and increase your savings.

Top notch advice

There is no better medicine for bad spending than to see what you have to pay for in the future to live the life you want. In this article we'll offer you some top notch advice on budgeting and accounting:

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1 – Keep Detailed Records

Most people don't keep track of every little expense they make.

People usually rely on the online banking records to calculate their expenses. This is quite effective when it comes to having an overview, but it doesn't help you keep an eye on bad expenses and avoidable spending.

Make a folder on your computer, as not to waste paper and to be able to edit easily, and write down everything you spend in an 'expenses' file, while also keeping track of all incoming money on an 'income file'.

At the end of each month and each year you should check how much of your money went to avoidable, 'bad' expenses. Cut down on frivolous spending and watch your savings grow.

#2 – Predict Large Expenses

> *The number you'll get will probably shock you, which is a good thing. There is no better medicine for bad spending than to see what you have to pay for in the future to live the life you want.*

It might sound like an obvious tip, but you'd be surprised how few people actually plan ahead for the major expenses during their lifetime.

Buying a house or paying rent for life is one of those predictable, large expenses. Having a child (or many) is a predictable expense. If you include a few cars, a couple of large trips, furniture, college debts and similar big expenses, you can have a good look at what kind of money you'll need to achieve the lifestyle of your dreams.

The number you'll get will probably shock you, which is a good thing. There is no better medicine for bad spending than to see what you have to pay for in the future to live the life you want.

#3 – Make a 'Get-Rich' Plan

Expert financial planners, like Dominique Brown, would advise anyone who wants to become rich to make a solid plan to achieve that goal.

Riches rarely come to those that simply wait for them. This does not mean that it is takes extreme effort to become financially secure either.

What you really need is diligence. Make a plan on your own, or get the help of a professional, and learn to stick to it as if it were a religion.

Learning to live with a strict (if not tight) budget, will help you learn to keep frivolous spending in check.

Remember that no matter how much money you make, you can easily spend it all on some luxurious stuff you don't need and end up being poor again. Being truly rich for life means that you have to work for it and keep ahead of the financial game at all times!

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Post from [Your Finances Simplified]

Tips for Avoiding an Out of Money Experience

Do you run out of money before you run out of month? Many do, but it doesn't have to be that way! Wealth is the result of widening the gap between what you earn and what you spend. Most of us make the mistake of ramping up our spending as our disposable incomes rise. This is self-defeating. If you do not develop a respect for money, it will always elude you.

You Need a Plan

We call this a budget. That's a four letter word to some people but if you count the letters, it's really a six letter word … like friend. If thinking about budgeting makes you throw up a little in your mouth, try thinking of a budget as your friend.

This friend will make sure that the month and your money expire at the same moment in time. This friend will rescue you from the endless cycle of debt that traps so many of us.

You know the routine. You are out of cash with almost a week until payday. You hit the ATM for a cash advance on your credit card so you can get by until the end of the month, or worse yet, you sign-up for a payday loan, plunging yourself even further into the vicious cycle. This is not a plan! This is a band-aid!

Establish Goals

> *Goals are nothing more than a performance benchmark. Without goals, you have no means of measuring your progress.*

Make whatever goals you set realistic. Nothing torpedoes ambition like missing a goal. For this reason, in the beginning, set modest goals. Just getting through the month with no borrowing is a real accomplishment. Remember—budgeting and planning are processes, not overnight cure-alls. When you master one goal, more aggressive goals can follow, like setting aside some savings.

Performance Benchmark

Goals are nothing more than a performance benchmark. Without goals, you have no means of measuring your progress. Make whatever goals you set realistic. Nothing torpedoes ambition like missing a goal.

Next Steps

Living within your means, which is nothing more than making the money you receive on payday last until the following payday, is only the first step. Accomplishing this critical first step, as stated previously, requires a budget and the establishment of short term goals. But laudable as this may be, you are still living paycheck to paycheck.

Oh, you've made progress—you are living paycheck to paycheck on your own money rather than borrowing money and increasing your debt. So what's next? Next steps hinge on how you define your medium and long term goals. No one can define these for you, certainly not me!

Maybe your end goal is a comfortable retirement, an early retirement, travel, a huge bank balance, a dream house, unfathomable wealth or all of the above. Regardless of your goal, you must have a plan, a roadmap to get you to the destination you have chosen, and this is much more complex than drawing up a budget. The following tips are critical ones, regardless of what your medium and short term goals may be, and will help you achieve success beyond your wildest dreams.

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Post from Your Finances Simplified

Holly Shields Honored by Acadia Council of REALTORS®

Holly Shields, left, and Laura Pellerano.

Holly Shields, a personal insurance account manager at L.S.

Robinson Co., the Southwest Harbor office of Allen Insurance and Financial, has been named 2016 Affiliate Member of the Year by the Acadia Council of REALTORS®. The award was presented by Laura Pellerano, a REALTOR® with Acadia Realty Group in Ellsworth and the council president.

The Affiliate of the Year award is voted by the council members. The award was announced at an annual luncheon, held Jan. 26 at the Hancock County Technical Center in Ellsworth.

The Acadia Council of REALTORS® has 187 members in Hancock and Washington counties and is part of the Mid-Coast Board of Realtors and the Maine Association of REALTORS®.

Supporting Waldo Community Action Partners 2017

Allen Insurance and Financial has helped Waldo Community Action Partners kick off a fundraising drive to replace the commercial kitchen stove used by the WCAP Head Start program.

The stove, which has been repaired numerous times until it could be repaired no more, is used daily to prepare nutritious meals for almost 50 children and parents. Dan Bookham of Allen Insurance and Financial’s business insurance division recently presented a check to WCAP Head Start Director Jessie Francis.

WCAP Head Start serves children ages three to five, four days a week, for 128 days per year. WCAP Head Start offers part-time (four hours a day) and full-times (six hours a day) options depending on the needs of the family. Placement is based on a number of criteria; the primary one is family income. There is no fee for WCAP Head Start programs. More information is online at waldocap.org.

Head Start was created in 1964 to give preschool children a “head start” in formal education. Throughout the decades, Head Start has expanded their services to involve the whole family. Head Start supports families in give different component areas: health, nutrition, education, social services, and parent involvement.