

# The FAITHFUL STEWARD

A Planned Giving Newsletter sponsored by St. Frances of Rome Parish

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- *Estate Planning*



*"Take care to guard against all greed, for though one may be rich, one's life does not consist of possessions."*

**(Luke 12: 15)**

## Ideas to Consider before Year's End

Here are some strategies that many financial planners are suggesting to their clients, including several that can reduce this year's tax bill.

### **Cash expired U.S. savings bonds.**

All series E and H bonds have now reached "final maturity" and no longer pay any interest. Contributing the proceeds from these bonds to St. Frances of Rome Parish will produce a charitable deduction that offsets tax on any unreported interest and reduces other taxable income. Better yet, you can fund a gift annuity for St. Frances of Rome with savings bonds proceeds and receive a deduction and partly tax-free payments, as well.

### **Convert to a Roth IRA.**

Anyone with a traditional IRA can convert to a tax-free Roth IRA and future withdrawals won't be taxed. Most or all of what you convert in 2010 would not be taxable until 2011 and 2012. However, you can elect to have converted amounts taxed in 2010 (while tax rates are lower), which is even more attractive if you can establish large charitable deductions.

### **Make gifts of appreciated securities.**

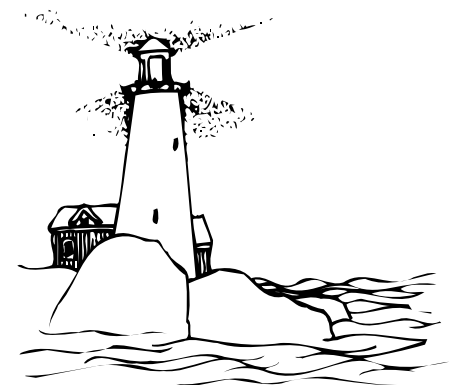
If you contribute securities to a charity like St. Frances of Rome, you can deduct your cost, plus any long-term capital gain, and owe no capital gains tax. If you later repurchase similar securities you'll gain a new, higher cost basis.

### **Get creative with your giving.**

You can arrange a charitable gift annuity that provides you or a family member with partly tax free payments (helpful if tax rates go up in future years), plus a 2010 tax deduction. Or you might consider a deferred payment charitable gift annuity that augments your retirement nest egg. Because your initial gift annuity payment is postponed for several years, your 2010 deduction will be magnified. Contributing a personal residence (including a vacation home) or farmland can create exceptionally large deductions, even though you keep lifetime use and occupancy of the property.

### **Call our office about IRA gifts.**

We are expecting that Congress will extend the law permitting people over age 70-1/2 to make direct charitable gifts from the IRAs for 2010. The law had not been changed at time of publication, however, and we encourage you to call Rich Goode, the Archdiocese's Director of Planned Giving, before making an IRA gift. You can reach Rich at 312/534-7848.



# Tax Savings Encourage Year-End Gifts

Every dollar you give before January 1, 2011, will be deductible up to 50% of your adjusted gross income, if you itemize your deductions. Any excess deductions can be carried over and deducted for up to five years. A \$1,000 contribution saves \$300 for a person in the 30% tax bracket, \$350 for someone in the 35% bracket.

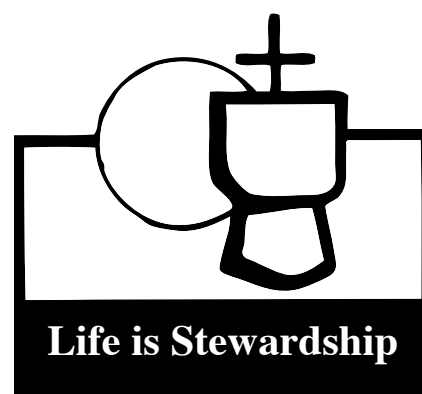
Tax savings are not the reason people give to their Church, of course, but they do

enable our benefactors to do more than they might have thought possible.

Mrs. F, for example, could write a check for \$1,000 knowing that her \$1,000 deduction would reduce her taxes by \$250 in her 25% tax bracket. Her important gift costs only \$750, with the tax collector supplying the other \$250.

And remember stocks, bonds and mutual funds that you have owned for longer than one year and have appreciated in value are great assets to donate to St. Frances of Rome. You get to deduct the present value of these items and you avoid any capital gains taxes. Please call us to donate appreciated securities that you have held for longer than one year.

Gift Amount	After-Tax "Cost" of a Gift if Your Income Tax Bracket is:			
	25%	28%	33%	35%
\$ 100	\$ 75	\$ 72	\$ 67	\$ 65
\$ 500	375	360	335	325
\$ 1,000	750	720	670	650
\$ 5,000	3,750	3,600	3,350	3,250



## Why It Makes Sense to Review Your Estate Plans Now

### THE ECONOMY

Shrinking real estate and stock market values may have shortchanged some of your beneficiaries. Rather than leave an IRA to one relative and a life insurance policy to another, consider an estate plan that leaves heirs a fraction or percentage of all your assets, so everyone would be equally affected by the ups and downs of real estate, collectibles and the stock market.



### PERSONAL MATTERS

You may need to revise your will or living trust for a variety of personal reasons, including marriage, divorce, death of a spouse, birth of a child or grandchild, acquisition of new assets by gift or inheritance, giving away or selling assets mentioned in your will, death of a beneficiary named in your will, changes in the needs of your beneficiaries, inability of an executor or trustee to serve, relocation to a different state, or purchase or sale of real estate.

### DEATH AND TAXES

Will your estate have to pay taxes? The federal estate tax has been repealed for 2010 only, but is scheduled to return

in 2011 with an exemption of only \$1 million, unless Congress revises the law. Watch for news of estate tax legislation in Congress and ask your advisers to review your plans to ensure that they are up to date with any changes.

### YOUR LEGACY TO FUTURE GENERATIONS

It might be that you now wish to add or augment bequests, including provisions for St. Frances of Rome Parish. Your estate gift can save both income taxes and estate taxes, if properly planned.

Please call our office at 312/534-7848 if any of the ideas we have discussed might make sense in your own planning.

## Tax-Free Gift Annuity Payments Go Up

Charitable gift annuities' two main benefits are the wonderful contributions they allow donors to make to their favorite charities and the generous lifetime income stream donors receive (see chart). Catholics in the Archdiocese who arrange charitable gift annuities also enjoy several tax benefits, including charitable deductions and payments that are partly tax free during their life expectancies. For gift annuities arranged in the next few months, tax free payments will be at record high levels.

Without getting too technical, the tax

free portion of annuity payments is higher for gift annuities set up when IRS interest rates are low – which is the case right now. For example, payments to a recipient age 75 would be 78% tax free for an annuity established in November or December of 2010.

High tax-free payments can be especially important to donors who do not itemize their deductions and thus may not get full benefit from charitable deductions. Everyone, of course, can benefit from tax-free income.

## Two Brothers Faith Inspires Them To Remember Their Parish in Their Plans

Ted (age 90) and Stanley (age 88) have been fixtures at their parish for their entire lives. They are daily communicants, generous donors and helpful in many other ways. Early mornings find Ted opening the church and getting the worship space ready for the first mass. Ted, whose eyesight is failing, relies on his younger brother Stanley more as the years go by. Ted returns the favor, however. Stanley's hearing isn't what it used to be and Ted often acts as the ears for the pair. They really are a team.

This summer, the brothers revised their trusts. Not surprisingly they have remembered their parish very generously. Several other Catholic organizations are also included in their trust. Their lives have been marked by their quiet, deep-seated faith. So it is natural that the Church figures so prominently in their estate plan.

Growing up in their south Chicago neighborhood, the brothers helped their mom run the family grocery store. The store was in business for over 50 years before they closed up shop in 2004. They served their customers with pride. They proudly served their country in World War II. Their later years find them serving their parish in the same steadfast manner. The world has changed a great deal in their lifetimes, so has their little corner of Chicago. Ted and Stanley, however, have remained constant – constant in their service to God, constant in their faith. There are folks like Ted and Stanley in every parish. They are quiet leaders whose faith and generosity set an example for all of us.



### EXAMPLES OF SINGLE-LIFE GIFT ANNUITY RATES

Age of Recipient	Payout Rate
60	5.2%
62	5.3%
64	5.4%
66	5.5%
68	5.7%
70	5.8%
72	6.0%
74	6.3%
76	6.5%
78	6.8%
80	7.2%
82	7.5%
84	7.9%
86	8.3%
88	8.9%
90 or over	9.5%



*Just to be is a blessing,  
just to live is holy.*

**Abraham Heschel**

## INTERESTED?

Learn more about exciting, creative ways to give to the Church, maximizing the tax benefits of giving, and receiving an income for life and more.

Please call Rich Goode, Director of Planned Giving for the Archdiocese of Chicago at 312/534-7848. Check out our web page at [www.parishgift.org](http://www.parishgift.org)



# Charitable Gift Annuities – Income for You...A Gift to Future Parishioners

A charitable gift annuity is an extraordinary way to make a gift to St. Frances of Rome, increase your income and slice your tax bill – all in one transaction! The Archdiocese of Chicago created its charitable gift annuity program so parishioners could make gifts of significance to their parishes while still retaining an income stream from the gifted assets during their lives.

A charitable gift annuity is a contract between a parishioner and the Archdiocese of Chicago. The parishioner contributes cash or securities (stock, mutual funds, etc.) and receives a fixed amount of income for the rest of their life (or for the lives of two people).

*Gift annuities offer 5 distinct advantages:*

**Income for life** – at attractive payout rates for one or two lives;

**Tax deduction savings** – a large part of your donation is a deductible charitable gift;

**Tax-Free Income** – a portion of your annual payment is a tax-free return of principal;

**Capital Gains Tax Savings** – when you contribute securities for a gift annuity, you minimize any taxes on your “paper profit;”

**Deep satisfaction** – from knowing that your generosity will touch the faith lives of future parishioners of St. Frances of Rome

You can choose... How frequently payments to you will be made – monthly, quarterly, semi-annually, annually; one-life or two-life annuities; cash or securities to fund your donation. Cash donations provide maximum tax-free payments; gifts of securities allow you to minimize capital gains taxes.



## St. Frances of Rome Parish - The Faithful Steward

**YES!** Please send me your booklet “Tax and Financial Planning Techniques”

I am considering a provision in my will for St. Frances of Rome Parish

I have already provided for St. Frances of Rome Parish in my will/trust

NAME

ADDRESS

CITY

STATE

ZIP CODE

HOME PHONE

E-MAIL

*Please cut this slip out and mail it to:*

Richard S. Goode, Director of Planned Giving • Archdiocese of Chicago • 835 N Rush St. • Chicago, IL 60611