

Supporting your Parish, Catholic School or Ministry Through a Planned Gift

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CATHOLIC
COMMUNITY
FUND

ARCHDIOCESE OF BOSTON



What is the Catholic Community Fund?



What is the Catholic Community Fund?

We manage

- Endowments
- Planned gifts (charitable gift annuities, charitable remainder trusts, etc.)
- Bequests
- Capital campaigns

on behalf of the Archdiocese of Boston, its parishes, schools and other ministries

As of June 30, 2020, the Catholic Community Fund has \$107.9M in assets.

Learn more at catholiccommunityfund.org





What is a Planned Gift?

LEGACY

What is a Planned Gift?



A gift from an individual's assets that is for the future



Often part of a donor's financial or estate plans



90% of planned gifts are bequests through a will



A charitable gift annuity, endowment, and/or life insurance or IRA beneficiary designation



Why Do We Make Planned Gifts to the Church?

For many Catholics, Archdiocese of Boston, its parishes, schools and other ministries, are where they live out their faith, which creates a strong and uniquely powerful connection. **Parishioners who make a planned gift to the Church, its parishes, schools and ministries do so for some of the following reasons:**

- They care about ensuring that their Catholic values will continue to be present in their community for generations to come.
- They want to help the Church and their parish remain healthy and strong for those who come after.
- It is a way for them to give back to their parish in a way that they may be unable to in their lifetime.
- It allows them to express their life's legacy and thank God for all He has given them.





Supporting
Your Parish, Catholic
School or Ministry



Support Through Bequests

Bequests are donations left in an individual's will and are the most common kind of "planned gift".

Bequests: DID YOU KNOW?

- Since 2017, our parishes have received more than \$20.38M in bequests.
- In 2019, bequests to charities in the U.S. totaled \$43.21B.
- Bequests are donor-directed, meaning that the donor directs exactly where they want their bequest to go.
- Anyone and everyone can make a bequest at whatever level is comfortable!



Bequest Language

- Bequest Language

- Parishes and many Catholic schools and ministries have formal legal status under Church Law (Canon Law), but do not have independent status under the Civil Law of the Commonwealth of Massachusetts.
- The appropriate civil legal entity to receive bequests is the **Roman Catholic Archbishop of Boston, a Corporation Sole organized and existing in accordance with Chapter 506 of the Massachusetts Acts of 1897, for benefit of [PARISH NAME/TOWN, CATHOLIC SCHOOL OR OTHER MINISTRY].**
- Boston's Archbishop, Cardinal Seán O'Malley, OFM Cap, is charged by Canon Law with seeing that bequests to all entities related to the Archdiocese of Boston are handled to assure that the bequests of the deceased are fulfilled in all respects. been said.



Bequest Language *continued*

- Bequests with Restrictions
 - We ask donors to allow variance language in the event the restriction is impractical or unable to be carried out.
- Bequests for Masses to be Celebrated
 - Canon Law does not allow provisions for Masses to be said in perpetuity.
 - One can specify a specific number of Masses to be said over a period of years, or annual Masses to be said over a period of years.
 - In either case, 25 years is the maximum allowed.
 - Under Church law, such provisions require that the distribution be released to the parish only after all the Masses have been said.

More specific examples of bequest language are included elsewhere on the Catholic Community Fund website, or you can contact us for this directly



Support Through Charitable Gift Annuities (CGAs)

- A CGA is a gift whereby the donor transfers cash/property to a charity in exchange for a partial tax deduction and a lifetime stream of annual income. When the donor dies, the charity keeps the residual of the gift.

CGAs: DID YOU KNOW?

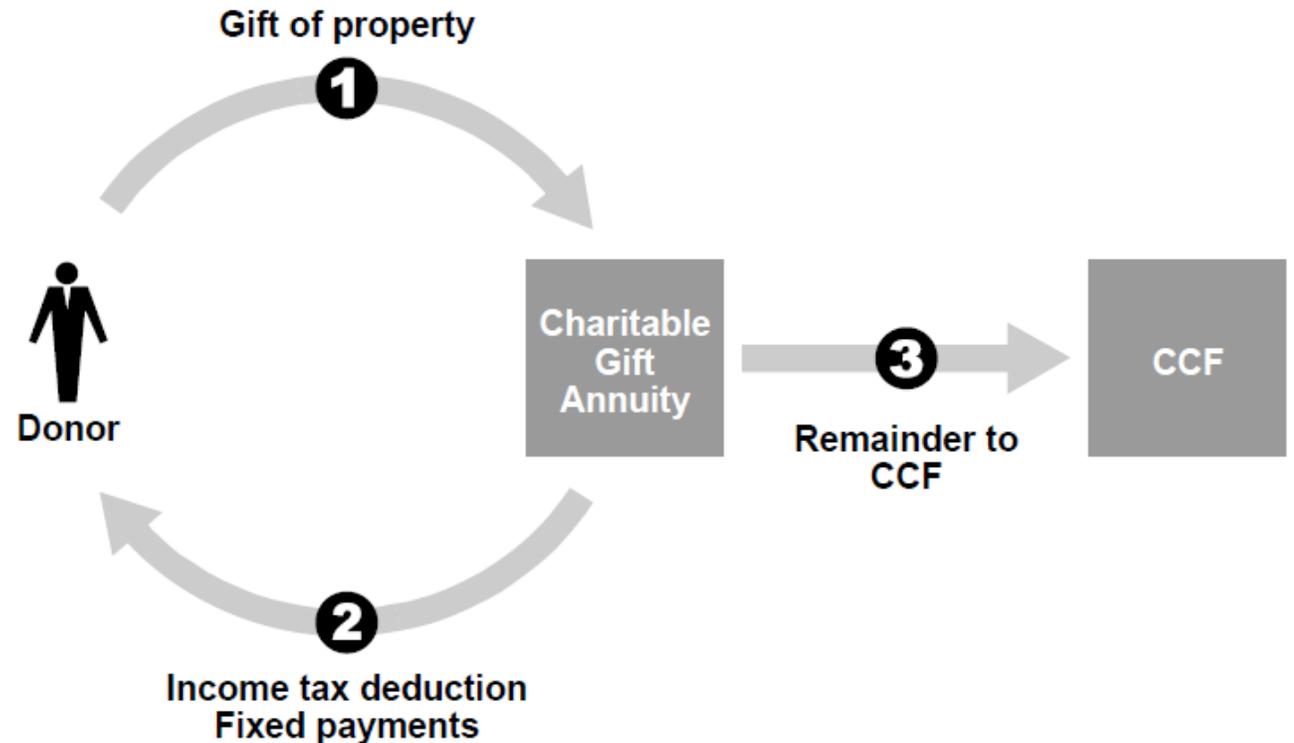
- The minimum amount for a CGA is \$10,000.
- The Catholic Community Fund uses payout rates defined by the American Council on Gift Annuities.
- Catholic Community Fund CGAs are managed by State Street Global Advisors.



Charitable Gift Annuities Example

How CGAs Work

- You transfer cash, securities or other property to CCF.
- You receive an income tax deduction and may save capital gains tax. CCF pays a fixed amount each year to you or to anyone you name for life. Typically, a portion of these payments is tax free.
- When the Charitable Gift Annuity ends, its remaining principal passes to CCF for the purpose(s) you directed – parish or other ministry.



Support through Endowment Funds

- Endowments are donations in the form of investments, where funds are taken from capital gains and distributed quarterly to a charity. The Catholic Community Fund currently holds 112 separate endowment funds.

Endowment Funds: DID YOU KNOW?

- The minimum gift to set up an endowment fund is \$10,000 and most endowments are donor-directed.
- Current distribution policy is 1% of fund value per quarter, provided that a distribution cannot reduce the fund value below the contributed amount.
- All endowed fund investments are managed by the Archdiocese of Boston Investment Committee in accordance with Catholic social teaching, (e.g., no investment in firearms, tobacco, etc.).



Support Through Retirement Plans and Beneficiary Designations

There are all different types of planned gifts. Here are some ways people can make a planned gift without changing their will:

- Retirement Plan Beneficiary:

- A parish, school or ministry can be named as a remainder beneficiary of a 401(k) plan or IRA.

- Life Insurance Policy:

- A parish, school or ministry can be named as a primary or contingent beneficiary of a life insurance policy

- Bank Account/Brokerage Account:

- Many bank and brokerage accounts (even non-retirement accounts) allow the account owner to designate a beneficiary or “transfer on death” recipient or recipients



Support Through Other Types of Planned Gifts

- Charitable Remainder Trust: An irrevocable trust established to provide payments for the life of one or more people or for a term not to exceed 20 years, with the irrevocable remainder being distributed to one or more qualified charities
- Charitable Lead Trust: A trust from which a charity receives income for the duration of the trust, after which time the principal is either returned to the donor or distributed to other people.
- These trusts can have more flexibility than other planned giving opportunities, but the costs to establish and maintain them (legal fees, accounting fees, etc.) are usually higher, so they are generally not recommended for gifts less than \$100,000.



Letting Us Know Your Intentions

- If you have already or decide to make a planned gift to benefit your parish, Catholic school or other ministry, it is important to let us know your intentions.
- One need not share a dollar amount or percentage, just share that you've made a planned giving commitment. Why?
 - You are able to enjoy the act of giving and the recognition of your gift.
 - Our Church family will have the opportunity to celebrate your planned gift during your lifetime.
 - By stepping up, you help set an example for others to do the same.





Tax-wise Charitable Giving

1040
Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return
For the year Jan. 1–Dec. 31, 2008, or other tax year beginning on 1/1/08

Label
Use the instructions on page 14.)
Use the IRS label.
Otherwise, please print or type.

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Your first name and initial

If a joint return, spouse's first name and initial

Home address (number and street). If you have a P.O. box, enter the P.O. box number and street address.

City, town or post office, state, and ZIP code. If you are filing a joint return, enter the address of the principal residence.

Presidential Election Campaign Check here if you, or your spouse if filing jointly, are contributing to a presidential campaign.

Filing Status

Check only one box.

1 Single

2 Married filing jointly (even if only one had income). Enter spouse's SSN on line 6b.

3 Married filing separately. Enter spouse's SSN and full name here. ▶

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check this box.

b Spouse

c Dependent (other than yourself)

Charitable Giving under the Tax Cuts and Jobs Act of 2017

There has been some confusion and misinformation about the impact of the Tax Cuts and Jobs Act of 2017 on charitable giving.

Main points you should know:

- Gifts to qualified charities (like your parish, Catholic school or other ministry) can still be claimed as an itemized tax deduction under the new tax law.
- Because the standard deduction has almost doubled under the new tax law, fewer taxpayers will benefit from itemizing deductions like charitable gifts.
- On average, only 10% of taxpayers itemize their deductions now, compared to 30% prior to the tax law changes. But charitable giving overall has not been impacted.



Tax-Smart Giving: IRA Charitable Rollovers

A direct transfer from an individual's IRA to a parish, Catholic school or other ministry can be a great way for the donor to make a tax-wise gift. A qualified transfer will count towards the donor's required annual IRA minimum distribution and be excluded from gross income. A donor can transfer up to a total of \$100,000/year.

To qualify for these benefits:

- Donor must be age 70 ½ or older when the gift is made
- Gift must be made directly from the IRA to the charity
- Gift must be outright and cannot be used to create a gift annuity or charitable trust



Tax-Smart Giving: Gifts of Appreciated Securities

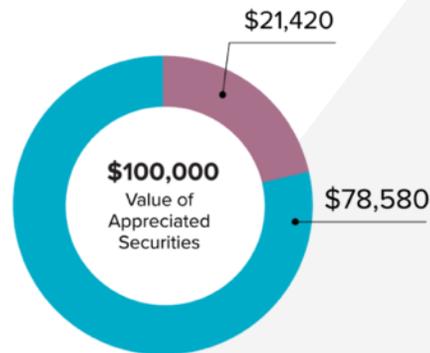
By donating appreciated stock held for more than one year directly to a parish, school or other ministry — rather than selling first — donors can reduce their tax liability by eliminating capital gains tax.

Example:

Donor has \$100,000 in long-term appreciated stock originally bought for \$10,000.

DONOR SELLS SECURITIES AND DONATES AFTER-TAX PROCEEDS TO CHARITY

Pays Capital Gains Tax: \$21,420
Net Available to Charity: \$78,580



DONOR CONTRIBUTES APPRECIATED SECURITIES DIRECTLY TO CHARITY

Capital Gains Tax: \$0
Net Available to Charity: \$100,000



We have resources to assist you in making this type of gift – please contact us for information.



Tax-Smart Giving: Donor-Advised Fund

A Donor-Advised Fund, or DAF, is a giving vehicle established through a public charity (e.g., Fidelity Charitable, The Boston Foundation) that allows donors to:

- make an irrevocable charitable contribution to the DAF
- receive an immediate tax deduction
- recommend grants to charities (including your parish) from the DAF over time

Donors can put several year's worth of charitable giving in the DAF at once and receive an immediate tax deduction for the total amount.



Donor-Advised Funds: An Example

- Example: John and Mary are a married couple who file their taxes jointly. They give \$2,000/year to their parish and other charities and have \$20,000 in additional potential tax deductions (for example, real estate taxes and home mortgage interest).



Annual Charitable Giving:	\$2,000
<u>Other Potential Tax Deductions:</u>	<u>\$20,000</u>
TOTAL:	\$22,000



Taxes Without a Donor-Advised Fund: **5-year example**

- John and Mary will only have \$22,000 in annual itemized tax deductions (\$2,000 in charitable gifts + \$20,000 in other tax deductions), so they will take the standard deduction of \$24,800 instead of itemizing.
- Tax Deductions (Standard Deduction): $\$24,800/\text{year} \times 5 \text{ years} = \$124,000$

TOTAL Tax Deductions over 5 years = \$124,000



Taxes With a Donor-Advised Fund: **5-year example**

- John and Mary set up a DAF in Year 1 and contribute \$10,000 to it (five year's worth of annual giving). In Year 1, they itemize their deductions. In years 2-5, they take the standard deduction of \$24,800 since they only have \$20,000 in tax deductions. They recommend \$2,000 in grants from the DAF each year to their favorite charities.
- Tax Deductions Year 1 (Itemized Deductions): \$10,000 for DAF contribution + \$20,000 in other deductions = \$30,000
- Tax Deductions Years 2-5 (Standard Deduction): \$24,800/year x 4 years = \$99,200

TOTAL Tax Deductions over 5 years = \$129,200



A Reminder

- Information provided today is intended to be a general overview and should not be interpreted as financial or legal advice.
- Please discuss these issues with your family, and your own legal and financial counsel.
- If you need professional advice, we can suggest professional advisors who are members of the community.



Thank You

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