St. Malachy Catholic Church
9833 E. CR 750N
Brownsburg, IN 46112

Planned Giving Methods

Endowments

- Gives and grows perpetually, utilizing the power of the market and compound interest.
- Establishes a never-ending impact on the mission of St. Malachy. A legacy of your generosity!
- Provides long-term financial stability to our church through annual distributions. These come from the fund's growth (not the principal) following the ethical investment guidelines of the USCCB.
- Provides a tax deduction for the full-market value of appreciated assets and avoids capital gains tax

Donor-advised funds (DAFs)

- Acts like a personal 'charitable investment account', which is managed under Catholic Community Foundation's (CCF) investment policy statement that focuses on preserving capital, maintaining sufficient liquidity, and maximizing yields, all while following the ethical investment guidelines of the USCCB.
- Offers a more 'hands-on', flexible experience for donors via their role as advisors to CCF in issuing grants from the fund to charities at any time and in any amount (unlike endowments, no distribution % restrictions).
- Is easy to create with no start-up fees. There are fewer hoops, much lower expenses, and more privacy than a private foundation, as the fund legally belongs to CCF.
- Favors a tax-friendly strategy known as 'charitable bunching', providing a tax deduction in the year of the gift (full-market value for appreciated assets) while allowing a donor to advise distributions of the gift over a number of years. Helpful with new, higher Standard Deduction.

Charitable Gift Annuities (CGAs)

- Win-win: an attractive option for the donor(s) who would like supplemental retirement income while also desiring to give a sizeable gift to their charity. (single-life and joint-life options)
- Provides fixed income payments for life to the you with the remaining balance upon their death being gifted tax-free to the designated charity.
  - You may gift your CGA payments to a charity if you don't need the extra income that year
- Offers a charitable tax deduction to you in the year of the gift, partial capital gains tax avoidance for appreciated assets, and partial tax-free income (for first few years).
- Easy to set up, low annual administrative fee (1%), and invested according to USCCB ethical guidelines.

Charitable IRA Rollovers (aka Qualified Charitable Distributions, QCDs)

- Attractive option for parishioners with retirement funds who are 70 ½ or older. Can make larger gift possible while providing personal tax savings.
- QCD amount will not be taxed nor included in the taxable income so long as distribution made directly from IRA custodian to St. Malachy. If distributions are paid to you first, the tax benefit would merely be the same as writing a check.
- Can also fulfill up to $100k of required minimum distribution (RMD) from Traditional IRAs.
- Per SECURE Act:
  - Those who turn 70 ½ in 2020 or later are on the new raised RMD age of 72
  - Those who turned 70 ½ in 2019 or before are still on the old RMD age of 70 ½
- QCDs are only eligible from a Traditional IRA. Monies from a 401(k), 403(b), 457, etc. can be transferred to a Traditional IRA (new or existing), then charitably rolled over.

**Per the coronavirus CARES Act, RMD is not required for 2020.*
***With the current economy and the 2019 SECURE Act being newly implemented, retirement fund usage rules are apt to change and/or be adjusted in the future.*

St. Malachy
CATHOLIC CHURCH
& SCHOOL

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Retirement Funds (Beneficiary Designation)

- A non-probate asset, easy to set up with your retirement fund company, with no immediate out-of -pocket expense.
- St. Malachy can be considered another "child", receiving percentage of benefits.
- Retirement beneficiary income designated to a charity (ex. St. Malachy) is not taxable while retirement beneficiary income designated to heirs/family is.
- For estate planning, therefore, you may be interested in donating your retirement funds to a charity and your appreciated assets (securities, real property, etc.) to your heirs.
    - Why? Because there is a "step-up in basis" rule for appreciated property transferred to heirs upon death. If you have assets that have grown in value over a long period of time, you would normally be responsible for a capital gains tax on that growth. When it's transferred upon death to heirs, however, the 'cost basis' is reset to the value of the asset at the time of the donation, effectively nullifying the capital gains tax for the asset's growth during your life.

Life Insurance (Beneficiary Designation and Gifting Policies)

- A non-probate asset, easy to set up with your life insurance company, with no immediate out-of -pocket expense.
- St. Malachy can be considered another "child", receiving a percentage of benefits, or donor may place Catholic Community Foundation as policyholder while paying tax-deductible annual premiums.
- Also, an attractive outright gift option for no-longer-needed and/or paid-for policies. The replacement value of the policy (or basis in policy, if less) is tax deductible.
- Can be a way for you to make a much larger gift to St. Malachy via smaller, tax-deductible, annual payments. Can also potentially be used as a 'wealth replacement' tool in tandem with a CGA/CRT (i.e. donor uses CGA payments to pay for premium on life insurance policy for heirs)

Stocks/Mutual Funds ("Securities")

- Avoids capital gains tax if given directly to the Archdiocese of Indianapolis, designating St. Malachy Catholic Church as beneficiary.
- Can make a large gift possible and you can also take a tax deduction for the full fair market value at the time of the transfer (i.e. the fully appreciated amount of the stock/mutual fund)
- If security is 'lower performing' (this could also include CDs), you can earn more on return by using to fund CGA (plus partial tax deduction, not to mention mutually benefitting the church.
- Gifting securities can potentially be helpful for rebalancing your securities portfolio (i.e. rebalancing the allocation % within their portfolio) to maximize performance & lower risk while tapping tax benefits.

Bequests (Wills and Trusts)

- Most common PG. Easy, flexible, and revocable with no immediate out-of -pocket expense.
- You retain the use of assets throughout your life.
- Can be a specific dollar amount, a % of the estate, a % of the residual of the estate, the full residual amount, or even contingent upon certain circumstances being met (death/waiving of primary recipient).
- Can be a part of 'telling your story' and 'witnessing personal values' to your loved ones and faith community. An exclamation point in the "epilogue" of their life, their will.

NOTE: St. Malachy encourages you to discuss Planned Giving (PG) options with your financial/tax advisor.