

2015 Fiscal Management & Discipleship Conference

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COMMUNITY
FOUNDATION, INC.

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GIVING SOMETHING & GETTING SOMETHING IN RETURN - CHARITABLE GIFT ANNUITIES



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TYPES OF CHARITABLE GIFTS

Bequests

Charitable gift annuities

Deferred gift annuities

Charitable remainder trusts

Charitable lead trusts

Endowments

Life Insurance

Personal property

Real estate

Retirement plans

Securities and other assets

Works of art

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Bequests

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CHARITABLE GIFT ANNUITIES

CURRENT RATES

<u>Your Age</u>	<u>Fixed Rate</u>
60 years	4.4%
65	4.7%
70	5.1%
75	5.8%
80	6.8%
85	7.8%
90	9.0%

Rates effective April 2015

SAMPLE BENEFITS FOR A \$20,000 CHARITABLE GIFT ANNUITY

Age	Annuity Rate	Annual Income	Deduction
60	4.4	\$880	\$4,821
65	4.7	\$940	\$6,192
70	5.1	\$1,020	\$7,596
75	5.8	\$1,160	\$8,696
80	6.8	\$1,360	\$9,701
85	7.8	\$1,560	\$11,085
90	9.0	\$1,800	\$12,434

EACH QUARTERLY PAYMENT HAS THREE TAX COMPONENTS

1. Tax-free return of principal
2. Taxable Payment
3. If contribute appreciated property:
 - a. Capital gain reduced
 - b. Gain spread out over life expectancy

INCOME PAYOUT OPTIONS

Income for one life

Income for two lives

Create a flexible deferred gift annuity

SECURITY

- Payments guaranteed by charitable organization
- Fixed Income for life
- Unaffected by market fluctuations

TAX PAYMENTS

- Immediate partial income tax deduction
- Partial tax-free return of principal
- Reduced estate taxes
- Spread of capital gains tax over donor's life with use of appreciated assets

INCOME

- Income for life
- Fixed Payments based on current rates as provided by the American Council for Gift Annuities
- Current Rates as of April 2015 range from 4.4% to 9%
Income for you, your spouse, or other loved one if desired

AGREEMENT

- Simple one-page agreement
- Irrevocable

MORE BENEFITS

- Create a lasting legacy
- Achieve your philanthropic goals
- Fund with cash or stock
- Gain personal satisfaction



DEFERRED GIFT ANNUITY

- **Funded with cash or stock**
- **At a future date the donor/annuitant receives a Fixed Payment for life**
- **At the death of the last annuitant, the remainder goes to the organization designated by the annuitant/donor.**



DEFERRED GIFT ANNUITY –CONT.

- Jane age 45
- Makes gift of \$20,000
- Fixed Payments to start at 66
- At her death remainder to Catholic Charities

HOW DO THE PAYMENTS WORK?

DEFERRED GIFT ANNUITY –CONT.

- Age 66 Jane receives a **FIXED** Payment for life:
- Annual amount of **\$1,860.00**
- Ordinary Income Portion **\$1,102.98**
- Non-taxable Return of Capital **\$757.02**
- Capital Gain Portion **\$0**
- Age 45 Jane received an Immediate Charitable Income Tax Deduction: **\$5,477**

ASSETS SUITABLE FOR CHARITABLE GIFT ANNUITIES

- Cash
- Stock (appreciated securities are ideal)
- Real Estate
- Municipal and Corporate Bonds
- Mutual Funds

GIFT OF CASH

- Mary age 80 [One Life]
- Funds Charitable Gift Annuity with \$20,000 cash from a maturing CD
- In return Mary receives a Charitable Gift Annuity at a rate of 6.8% with a Fixed Payment of \$1,360 every year for as long as she lives and
- A charitable income tax deduction of \$9,462 if she itemizes
- Mary designates her parish to receive the remaining amount left of the annuity at her death

GIFT OF CASH – CONT.

- Mr. and Mrs. Miller are 78 and 79 years old [Two Lives]
- Funds Charitable Gift Annuity with \$40,000 cash from a maturing CD
- In return the Millers receive a Charitable Gift Annuity at a rate of 5.5% with a Fixed Payment of \$2,200 every year for as long as either of them are living and
- A charitable income tax deduction of \$16,151 if the Millers itemize
- The Millers designate the annuity to be paid 50% to their parish and 50% to the parish school endowment fund at the last to die of the two of them



GIFT OF STOCK

- Harry age 77 [One Life]
- Funds Charitable Gift Annuity with 1000 shares of appreciated stock that pays him 1.5% yield annually and is worth \$50,000
- Stock has a cost basis of \$10,000
- In return Harry receives a Charitable Gift Annuity at a rate of 6.8% with a Fixed Payment of \$ 3,100.08 every year for as long as he lives, which is broken down as follows:
 - Capital Gain Portion \$1936.02
 - Ordinary Income Portion \$678.92
 - Non- taxable Return of Capital \$458.14; and
- a charitable income tax deduction of \$22,895.69 if he itemizes
- Harry designates his parish to receive the remaining amount left of the annuity at his death

GIFT OF REAL ESTATE

- Jim age 84 [One Life]
- Funds Charitable Gift Annuity with appreciated rental real estate that is worth \$300,000
- Rental real estate has a cost basis of \$50,000
- In return Jim receives a Charitable Gift Annuity at a rate of 7.6% with a fixed payment of \$22,800 every year for as long as he lives, which is broken down as follows:
 - Capital Gain Portion \$15,623.21
 - Ordinary Income Portion \$4,058.40
 - Non-taxable Return of Capital \$3,118.39; and
- A charitable income tax deduction of \$163,140.72 if he itemizes
- Jim designates his parish to receive the remaining amount left of the annuity at his death

Questions?

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CATHOLIC COMMUNITY FOUNDATION: A TOOLKIT FOR GROWING PERMANENT MINISTRY FUNDS



CATHOLIC COMMUNITY FOUNDATION TOOLKIT

- Catholic Community Foundation Annual Report
- Planning Pathways Roadmap
- Catholic Community Foundation Video
- Stories – The Power of Example

CATHOLIC COMMUNITY FOUNDATION ANNUAL REPORT

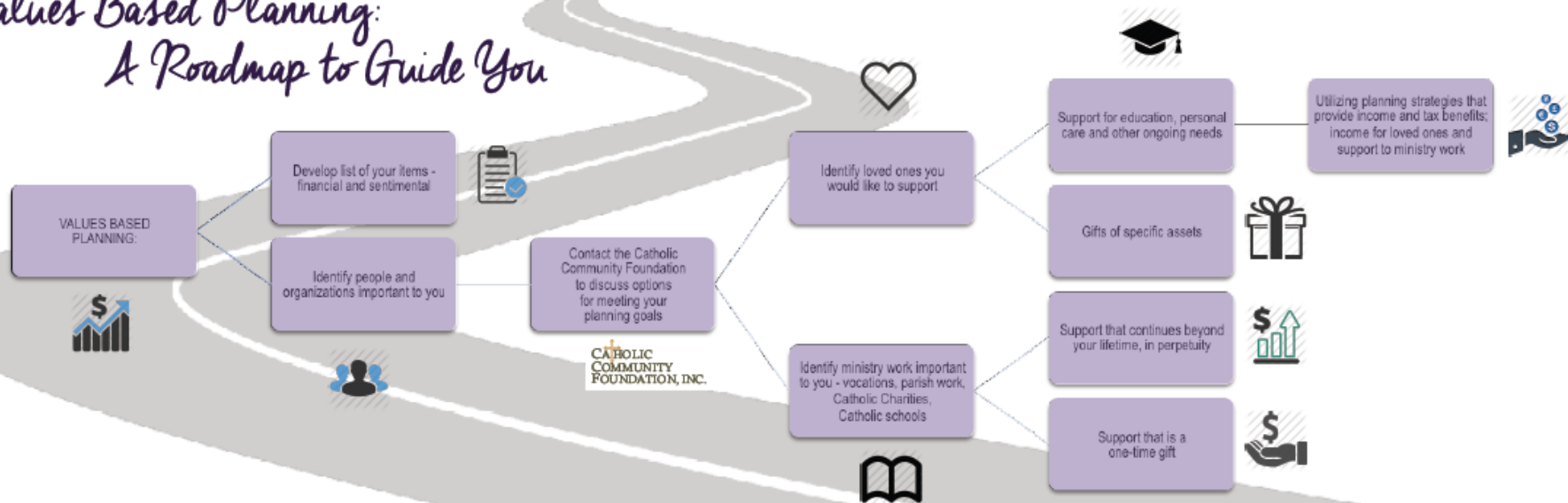
Annual Report

- New report available each October for prior fiscal year
- Abbreviated version available - Executive Summary
 - *Website*
 - *Bulletin insert*
- Full Report w/fund list
 - *Website*
 - *Display with ministry materials*
 - *Review with ministry leaders*

SHARE OPPORTUNITIES TO SUPPORT YOUR MINISTRY WORK

Planning Pathways Roadmap - *Educate donors about resources available to them for personal planning*

Values Based Planning:
A Roadmap to Guide You



SHARE OPPORTUNITIES TO SUPPORT YOUR MINISTRY WORK

Catholic Community Foundation Video

- *Website*
- *Designate a time of year to bring attention to permanent funds benefitting your ministry community, sharing the video and how fund distributions make an impact as the fund grows*
- *Highlight opportunities to make gifts – monthly, quarterly, annually as well as legacy gifts*



STORY TELLING – THE POWER OF EXAMPLE

Stories - Nurture future gifts

- *Campus Ministries*
- *Ryan Condon*
- *The Church as a Beneficiary*
- *Thy Will Be Done*

Website

Bulletin inserts - quarterly

Printed copies with ministry materials

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