# Planned Giving

What is your legacy?  Remembering St. Raphael with a gift in your planned giving is a way to say something about what you value the most.

**What is Planned Giving?**

A planned gift can be UNRESTRICTED gifts of cash, personal or real estate property which you allow the pastor to use for those projects or ministries that are most needed at the time.  You can also give these assets as a RESTRICTED gift.  This directs the parish in how the funds are to be used, allowing you to support specifically those needs and ministries which are important to you.

Whether a donor uses cash, appreciated securities/stock, real estate, artwork, partnership interests, personal property, life insurance, a retirement plan, etc., the benefits of funding a planned gift can make this type of charitable giving very attractive to both donor and charity.

**What are 2 types of planned gifts?**

- First, outright gifts that use appreciated assets as a substitute for cash;
- Second, gifts payable upon the donor’s death.

**What are the tax benefits of planned gifts?**

> Donors can contribute appreciated property, like securities or real estate, receive a charitable deduction for the full market value of the asset, and pay no capital gains tax on the transfer.
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> Gifts payable to charity upon the donor’s death, like a bequest or a beneficiary designation in a life insurance policy or retirement account, do not generate a lifetime income tax deduction for the donor, but they are exempt from estate tax.

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## The Most Popular Planned Gifts

**Bequests**

Donors include a provision in their will directing that a gift be paid to your organization after their death or the death of one of their survivors.

> Donors can give your organization either a specific amount of money or item of property (a “specific” bequest), or a percentage of the balance remaining in their estate after taxes, expenses, and specific bequests have been paid (a “residual” bequest).
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> Also, donors can tell you to use their bequest for a particular program or activity at your organization, or allow you to use it at your discretion (“restricted” and “unrestricted” bequests).

**Life Insurance**

The death benefit of a life insurance policy can be paid to your organization as a charitable gift.

Donors have several options in giving you life insurance:

- They can contribute a fully paid-up policy, or
- They can contribute a policy on which some premiums remain to be paid. In both of these cases, the donor can claim a charitable deduction for the value of the donated policy, and your organization can “cash in” the policy in advance of the donor’s death.
- Donors can (revocably) name your organization as the beneficiary of a life insurance policy that they continue to own and maintain, or
- They can name you the owner and beneficiary of a new life insurance policy, and make ongoing gifts that offset the premiums you will pay to maintain the policy. There is no charitable deduction available for taking out a new life insurance policy, even if the donor makes you the irrevocable owner.

**Retirement Plans**

Donors can name your organization the successor beneficiary of all or a portion of their IRA, 401(k), or other retirement accounts. The designation is revocable and does not generate a charitable income tax deduction, but:

- Distributions from retirement accounts to surviving family members can be subject to both income and estate tax. Directing the balance of a retirement plan to charity removes the most-taxed asset from the donor’s estate, freeing up other, more favorably taxed assets to give to family and heirs.
- Donors have the reassurance that they can continue to take withdrawals from their plan during lifetime, and that they can change the designation of the charitable beneficiary if their or their family’s circumstances change.

We recommend you consult with your tax representative before committing to a planned gift. Contact Marian Johnston at 630-355-4545 ext 122 or mjohnston@st-raphael.com, or Tom Burns at 630-527-0419 or tomburns73@aol.com for more information.