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www.FoundationDOR.org

THE FOUNDATION

Serving the Catholic Community of Eastern North Carolina

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Benefits to the Cathedral, Parishioners

A Couple Shares Their Story



John and Millie McCarty, parishioners at the Holy Name of Jesus Cathedral in Raleigh, wished to honor their family and participate in the building and beautification of the “Mother Church” of the Diocese by providing a stained-glass window.

Over the years, John had attended a number of the Catholic Estate and Personal Planning Seminars which are now provided by THE FOUNDATION of the Diocese of Raleigh. These are parish-based seminars where parishioners learn about the importance of estate planning and have the opportunity to have their questions answered by top local attorneys.

Participants also learn about ways they can establish a giving legacy, like John and Millie.

As a result of the seminars, John and Millie learned they could use their appreciated securities (stocks) and the assets from their retirement plans to make charitable contributions to their parish offertory, parish school, Bishop’s Annual Appeal, and other favorite diocesan ministries. John thought, “could I use these assets to set up a multi-year pledge at Cathedral for a stained-glass window?” He said, “since I have to withdraw the money anyway [from my retirement plan], I might as well do some good with it by donating to the church.”

When John met with the representative of THE FOUNDATION he asked, “I have been using my RMD (Required Minimum Distribution) for a number of years to make charitable gifts. Could I use my RMD and other retirement plan assets to fund a stained-glass window at the Cathedral?” The answer was a resounding, “Yes”!

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During the course of the meeting, John and THE FOUNDATION representative put together a plan whereby John would transfer the gift amount for the stained-glass window from his 401(k) into a new IRA. Because the funds were going from one qualified retirement plan to another there was no cost involved in making this particular transfer¹. Once the transfer had been accomplished, John would gift a portion of his RMDs annually in the form of a QCD (Qualified Charitable Distribution) from the newly created IRA to fund his stained-glass window pledge. A few years prior, another parishioner established a similar gift in which he made Holy Name of Jesus Cathedral a beneficiary of his newly created IRA.

Assets that comprise an individual's retirement plan often make for great philanthropic options. As John remarked, "when you reach a certain age (now 72) an individual taxpayer must begin to take required distributions from his/her retirement assets. At this point a donor is eligible to make a qualified charitable distribution."

"Since I have to withdraw the money anyway [from my retirement plan], I might as well do some good with it by donating to the church."

The QCD is a direct transfer of funds from an IRA custodian payable to a qualified charity such as THE FOUNDATION. (see www.FoundationDOR.org/ira-qualified-charitable-distribution/ for details.) QCDs can be counted toward satisfying your required minimum distributions (RMDs) for the year as long as certain rules are met. In addition to the benefits of giving to charity, a QCD excludes the amount donated from taxable income which is unlike regular IRA withdrawals.

Keeping your taxable income lower may reduce the impact to certain tax credits and deductions including Social Security and Medicare. Also, QCDs don't require that you itemize. Because of recent tax law changes, the donor may decide to take advantage of the higher standard deduction, but still use a QCD for charitable giving.



John and Millie were very happy they were able to make a creative gift to their parish, honor and memorialize their family members and set a wonderful example of generosity within their family and parish community. If you are interested in learning about creative ways you can support your parish or favorite Diocesan ministry you may wish to visit www.FoundationDOR.org under the tab 'Your Catholic Causes.' You are welcome to contact THE FOUNDATION's Executive Director, Joe Langenderfer at (919) 568-1065 or via email at joe@FoundationDOR.org.

¹In a **transfer**, you move assets directly from one eligible **retirement plan** to another without ever taking control of the assets. **Transfers** are limited to the same type of eligible **retirement plan**; for example, **IRA to IRA**, or **401(k) to 401(k)**. **Transfers** are tax-free and do not trigger any IRS reporting requirements.

Surge of Creating, Revising Wills in Midst of *Covid-19*

The search engine, Google, reports that searches for “how to make a will” are 67% higher than they have been at any time in the search engine’s history. Other data from will-making sites and reports from lawyers show that individuals are rushing to update their estate plans this year.

Visit www.FoundationDOR.org/charitable-bequest/ for details on the benefits and the ease of creating a Will.

There is also a Foundation website page - www.FoundationDOR.org/professional-advisors/ - to help your attorney quickly review information in support of your bequest planning.



Get an income for life with a Charitable Gift Annuity

Making Your Life Easier in Planning Your Estate

Alice (not her real name) called THE FOUNDATION to inquire about a charitable gift annuity. During the phone call, Alice mentioned that she wanted to make her estate administration process as easy as possible for her sister who would be assigned the role of Executrix upon her passing. She mentioned that she and her late husband did not have children so they would be leaving the majority of their assets to charity. She was comforted to know that she could create one or more gift annuities that would pay her a lifetime income and eventually benefit her favorite charities.

A charitable gift annuity is an arrangement between a donor and a non-profit organization in which the donor receives a regular payment for life based on the value of assets transferred to the organization. After the donor’s death, the assets are retained by the organization to be used according to the terms of the donor’s gift annuity contract. Currently, THE FOUNDATION of the Diocese of Raleigh administers 35 annuities. These annuities can be established to benefit a parish and/or favorite Diocesan ministry.

An advantage of using THE FOUNDATION as administrator is the donor’s option to create one or more charitable gift annuities. One annuity could name multiple beneficiaries such as your parish and other Diocesan ministries as remainder beneficiaries of your gift annuity.

How it works

Alice, who was 79 at the time she established the gift annuity, will receive a payment of 7.1% for the rest of her life based on the amount she donated. She will also receive a charitable income tax deduction and a portion of her annuity payments will be tax free. She will receive her payments quarterly (her choice of timeline) for life to help her with her day-to-day living expenses. When she begins her Heavenly journey, the property (residuum) passes to her favorite ministry with no probate fees and no administrative headache for her sister. Additionally, there are no estate taxes on these funds.

This arrangement has given Alice peace of mind knowing that she will have the income payments available to her for the rest of her life and that her sister (Executrix) will have less of a burden when probating her estate. Most importantly, Alice has established a future gift that will have a significant impact on a church ministry which has meant so much to her during her lifetime.

If you or a someone you know is interested in ways to simplify their estate or would like to learn more about charitable gift annuities, visit www.FoundationDOR.org/charitable-gift-annuity/ or contact THE FOUNDATION’s Executive Director, Joe Langenderfer at (919) 568-1065 or via email at joe@FoundationDOR.org.

Foundation Welcomes *New Board Memebers*



Anne Stahel

Anne Stahel is a lifelong parishioner of Sacred Heart and the owner of Stratford Properties and raised five children with her late husband, Edward.



Rick Herrera

Rick Herrera and his wife, Sonia, are members of St. Ann Parish, Clayton. Rick has spent his past 20 years in the construction industry.

CARES Act:

The following is a summary of benefits to Parishioners and Diocesan ministries as a result of the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* which was signed into law on March 27, 2020.

- Creates a temporary universal charitable deduction for non-itemizers, for cash only, capped at \$300 (per return). This provision excludes gifts into donor-advised funds.
- Temporarily suspends current AGI (adjusted gross income) limits for charitable deductions for cash gifts made by individuals and businesses. This provision excludes gifts into donor-advised funds and 509(a)(3) supporting organizations.
- Individuals: for tax year 2020, total charitable contributions can be deducted up to 100% of a donor's adjusted gross income (had been up to 60%).
- Suspension of the required minimum distribution (RMD) requirements for the year 2020.

NOTE: The Qualified Charitable Deduction (QCD) remains in effect as a convenient and worthwhile charitable gift option with added tax benefits.



Contact **THE FOUNDATION** of the Diocese of Raleigh, Inc. for more information

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