

The GIFT PLANNER

INVESTING IN TOMORROW'S CHURCH

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Charitable Gift Annuities A new one-time funding option



For many years now, supporters of Saint Meinrad have been able to purchase charitable gift annuities using a number of funding methods. A charitable gift annuity provides a lifetime income stream and has some attractive tax benefits in the form of an upfront tax deduction and ongoing tax advantages on the annuity income.

Donors to Saint Meinrad have also been able to make qualified charitable distributions from their individual retirement account and have enjoyed the benefit of a “top line” reduction in their taxable income as well as satisfying some or all their required minimum distributions from their IRA. Since the passage of the SECURE

2.0 Act of 2022, donors have been able to combine these two methods of supporting their favorite charities.

This legislation permits a donor who is age 70½ or older to use a one-time qualified charitable distribution (QCD) from an IRA to fund a charitable gift annuity. This can be in an amount up to, but not exceeding, \$50,000. This distribution will be applied against the donor’s required minimum distribution up to the \$50,000 limit. The main condition is that this can only be done once.

The annuity payments can be made to the donor, the donor’s spouse, or both. However, in this

act’s provisions, payments may not be directed to other family members.

This provision in the tax law can also be used to fund a charitable remainder trust. However, since the \$50,000 limitation is generally considered too low to effectively fund a charitable remainder trust, the charitable gift annuity is a more attractive vehicle for this new ability in the law.

What are the benefits of a regularly funded charitable gift annuity? Charitable gift annuity owners who use non-retirement income to fund their annuities are eligible for a tax deduction for the gift that funds the annuity. A portion of their payments are also exempt from income tax.

This new one-time funding option for a charitable gift annuity is ideal for persons who do not itemize their deductions. The qualified distribution from a donor’s IRA is not tax deductible, rather, that gift amount is used to reduce the top-line declared income on the tax return, and therefore is not taxed in the first place. If the donor does

Continued on next page



Saint Meinrad

Archabbey and
Seminary & School of Theology





Rt. Rev. Kurt Stasiak, OSB
Archabbot of Saint Meinrad

Greetings from Saint Meinrad,

Throughout the years, Saint Meinrad has been blessed with generous support from faith-filled men and women. Many of these benefactors have purchased charitable gift annuities to help us with our work. Giving to Saint Meinrad in this way is a mutually beneficial arrangement for us and them.

Recently, Congress expanded the funding options for gift annuities, making them affordable to more people. This fall edition of the Gift Planner explains the new funding option. Please read the article to see if this option might be right for you.

As always, thank you for the many ways you support Saint Meinrad. Know that you are in the prayers of the monastic community as we gather to pray five times each day.

May God continue to bless you abundantly,

+ Kurt Stasiak, OSB

itemize deductions, this is still a good option, because the qualified distribution does not count against maximum deduction limitations.

Now that you have the information on this new option for funding a charitable gift annuity, you may be asking what, exactly, is a charitable gift annuity? A charitable gift annuity is a way for an individual to provide a deductible gift to a charity of their choice (providing that charity also provides a charitable gift annuity giving option). The unique aspect of this type of giving is that the gift then returns an income stream to the donor for the remainder of his or her life.

A charitable gift annuity may also be established to benefit both a husband and wife. In this case, when one spouse dies, the remaining spouse continues to receive income from the annuity until their death. Once all the beneficiaries of the annuity are deceased, the charity, Saint Meinrad in this case, retains the remainder of the capital.

To illustrate what this qualified charitable distribution funding would look like, let's assume a donor, aged 72, makes a qualified charitable distribution from their IRA to fund a charitable gift annuity. The gift is \$50,000. The current payout interest will be 6.2%. There is no charitable

deduction for this gift because the qualified charitable distribution is taken out of the donor's gross income amount in the top line of their tax return. The annuity would pay \$3,100 per year as regular income to the annuitant. The annual payment may be divided into quarterly installments.

As with any form of charitable gift or investment, it is important that the donor consult with his or her own advisors about the tax and income implications of the gift. If you are interested in exploring a charitable gift annuity with Saint Meinrad Archabbey, please contact Dcn. Michael Shumway at 812-357-6501 or 800-682-0988. You can also email him at: mshumway@saintmeinrad.edu. ♦



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Professional Advisors are Key to Good Financial Planning



Dcn. Michael Shumway

Many people approach the idea of creating a financial plan, or even just a will, with fear and trembling. The task seems daunting and many fear making mistakes that might cost them money or create difficult situations for their heirs.

There are, indeed, some justifications for such fears, but they need not be a barrier. Certainly, there are websites and programs online that promise to make the entire process easy. Unfortunately, there are drawbacks to these options. Laws and regulations regarding financial instruments and estate planning often vary from state to state. It can be difficult for an automated process to ensure that all bases are covered when making plans.

However, a state licensed financial advisor will have the training and expertise to help navigate the menu of options and legal requirements that apply to putting together plans that fit your needs.

I have had the privilege of working with many legal and financial advisors practicing in over a dozen different states. These professionals are often licensed to practice in multiple

states. They may also differ in their approaches and methodologies. However, I have found one attribute that seems almost universal among the advisors that I have known. They are dedicated to the legal and financial success of the clients for whom they work.

An attorney can provide insights to putting together an estate succession plan that many of us might not think of. An experienced drafter of wills will know the legal structures that work best in any given situation to accomplish any given goal. I have known many instances in which a person has approached an attorney with one idea in mind, only to discover that there are many other, sometimes better, ways to achieve the goals that they wish to accomplish through their will.

Likewise, a skilled financial advisor can help even the most inexperienced client attain their financial goals through astute planning. I have known many people who were hesitant to approach a professional advisor because of a reluctance to discuss financial or family details with a stranger, or because of concerns about cost, or any one of several other reasons, only to come away pleased and glad that they took the time to consult a knowledgeable professional. ♦

Please note: Due to varying state regulations, Saint Meinrad does not offer charitable gift annuities to residents in certain states, including California, New Jersey and New York.

Free Guide: helps you begin your estate plan

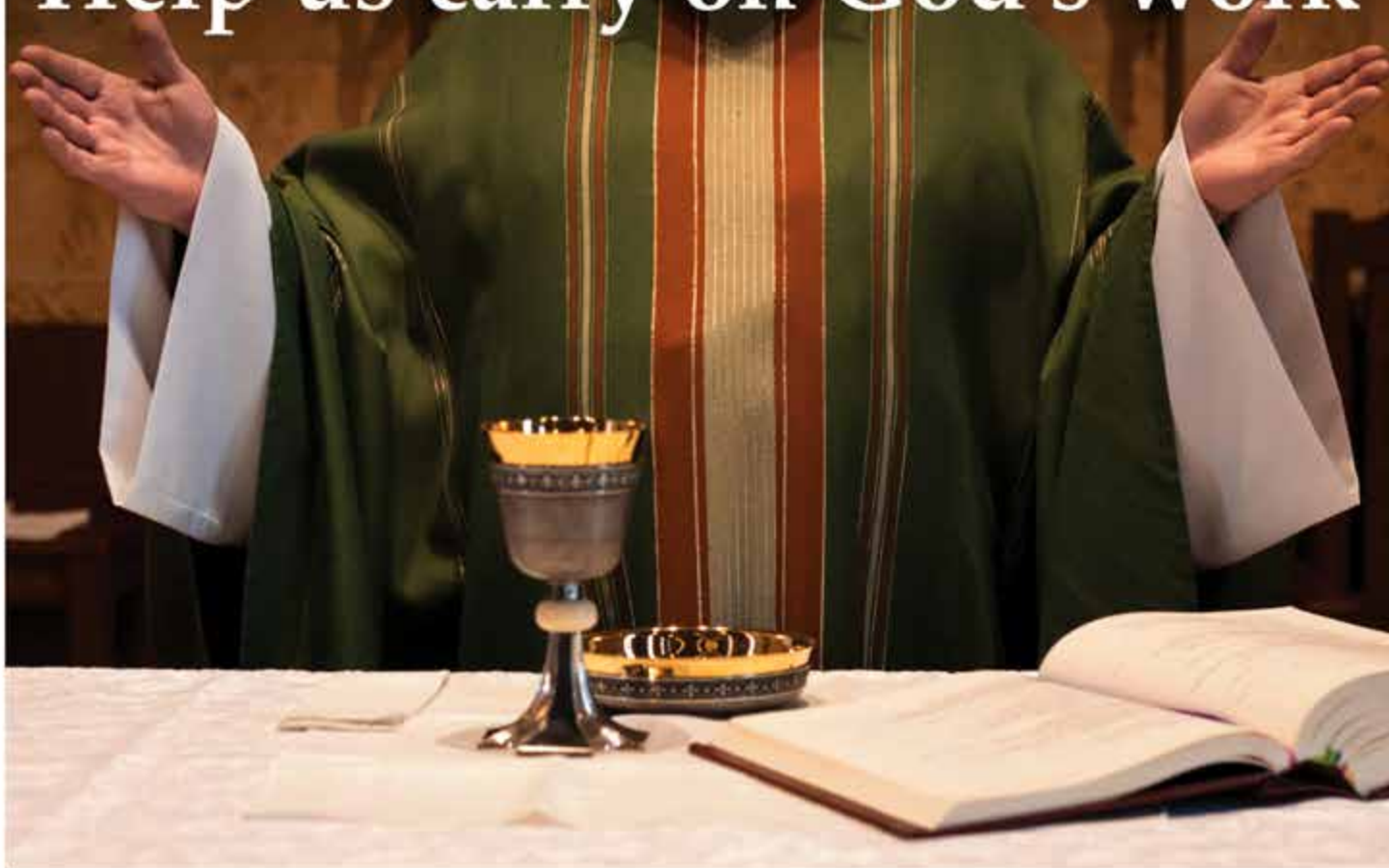
Creating an estate plan is important for several reasons:

- You can ensure that your loved ones will be cared for in the way you wish, whether through a gift from your assets or through instructions regarding their well-being.
- It gives your loved ones the peace of mind knowing that when you pass on, your intentions have been documented.
- It allows you to distribute your assets in the time and manner you wish.
- You can take advantage of tax-minimizing techniques that can increase your family's security, both now and in the future.
- Through legacy gifts, you can support your areas of interest without parting with any assets during your lifetime.

To help you get started, we are offering a complimentary copy of Saint Meinrad's *Estate Planning Guide*. The information in this guide is designed to help you successfully plan your estate to meet your personal wishes and objectives.

Please email: plannedgiving@saintmeinrad.edu with your name and mailing address to get a free copy. Include "Estate Planning Guide" in the subject line.

Help us carry on God's work



By choosing a Saint Meinrad charitable gift annuity, you can support our mission of educating priests, permanent deacons and lay ministers for the Church and receive income for life. Tax benefits also are available through a gift annuity.



Saint Meinrad

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