

The GIFT PLANNER

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The new tax law: How will it affect your charitable giving?

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With the new tax law in place, many people have been wondering how it will impact their charitable contributions

moving forward. Additionally, we find ourselves fielding more and more questions on additional options to make charitable contributions in the most tax-efficient way.

Here are answers to some of the most frequently asked questions that we receive.

Q. *Does the new tax code affect my charitable giving plans?*

Not necessarily. The new law retains the charitable contribution deduction with the following changes starting in 2018:

1. The 50% AGI (adjusted gross income) limitation under the prior law for cash contributions to public

charities and certain other organizations is increased to 60%; and

2. A charitable contribution deduction is no longer allowed for contributions made to colleges and universities in exchange for the contributor's right to purchase tickets or seating at an athletic event.

What will affect charitable contributions is the change to the standard deduction. For many people, the changes to the tax code will eliminate the need for itemizing their deductions.

Technically speaking, most people are still going to get the same, if not a larger, tax deduction as they always have when making charitable contributions. The difference is that, for most, the deduction will be automatic as a result of the increased standard deduction threshold.

This leaves it up to the individual whether to make a charitable

deduction or to retain the tax benefits for other purposes. Obviously, charitable contributions have much more value than their tax advantages alone, so it comes down to a personal decision.

Q. *Is there a way to make tax-free donations to a charity from an IRA?*

Yes, you can. You would make what is called a Qualified Charitable Distribution or QCD.

Q. *How much of my Qualified Charitable Distribution or QCD is tax deductible?*

An individual can donate up to \$100,000 per year, income tax free, to a charity using funds from his or her IRA. Couples filing jointly can donate \$100,000 each, up to \$200,000 per year.

Continued on next page



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

Dear Friends,

As I write this letter, I am looking ahead to the season of Easter and the renewal this time of year brings to us. For many, winter seems to drag on with cold, cloudy days and little color outside.

We long for warmer days, sunny skies and the first sprouts of green to appear, signaling the beginning of another growing cycle and a chance to start on projects newly planned. Once the weather breaks, we find ourselves energized to put into place the plans we have been formulating for months.

We long for a deeper awareness of God's presence in our lives and resolve, through our Lenten practices, to more fully live our lives in His service. The celebration of Easter provides us the "break in the weather" we have awaited, energizing us to make Christ more present in our daily lives.

We are all called as Christians to receive the blessings of this season of renewal and hope. It is my prayer that each of you will answer this call and receive the gifts of the Spirit.

In every season, the monastic community is reminded of the many generous friends like you who have joined in our prayer and work. You are in our prayers this Easter season and always; we ask that you continue to keep us in yours.

+ Kurt Stasiak, OSB

Q. *Can anyone make a Qualified Charitable Distribution (QCD) from their IRA?*

No, not anyone. To qualify, you must be age 70 ½ to make tax-free charitable contributions from your IRA. If you find that you don't need your Required Minimum Distributions (RMD), which begin at age 70 ½, you can donate the entire amount up to \$100,000 to one or more charities of your choice tax free.

You can also donate a portion of your RMD to a charity tax free and keep the remaining amount that you need, paying income tax on the amount you keep, of course.

Since this tax break effectively allows a qualifying taxpayer to exclude all or a portion of their otherwise taxable RMDs from taxable income, it has the same effect as allowing an "above-the-line" deduction for the charitable contribution.

Therefore, the new law makes this tax break even more valuable for those individuals who will not itemize deductions because of the increased standard deduction.

Q. *What other tax-advantaged options can I use to make charitable contributions?*

You can consider contributing to a donor-advised fund account. Inside a donor-advised fund account, you can contribute cash or appreciated assets such as stock, mutual funds or other investments as long as they have been held for at least one year.

The advantage to this option is that, in the year you make the contribution to the account, you can take a large deduction and avoid paying long-term capital gains tax on the sale of the appreciated assets.

The funds you contribute to the donor-advised fund can be invested for potential future growth while giving to the charity or charities of your choice, over a period of time determined by you.

Q. *The stock market has seen all-time highs recently. Is there a way to gift a stock or mutual fund without paying capital gains?*

Yes, it is often advantageous to use long-term appreciated securities to fund an outright, lump-sum charitable gift when a donor is otherwise considering using cash.

The donor can give the securities to charity and claim an income tax charitable deduction for the securities' fair market value. This strategy is often referred to as gifting appreciated stock or securities. If you choose this type of gift, let Saint Meinrad know so we can acknowledge your donation.

Q. *Where can I get more information regarding my charitable giving plans?*

Before making any decisions, we recommend that you discuss any charitable giving plans with your CPA or trusted tax professional. ♦

P.L.A.N. Your Gift

Four steps to making a thoughtful planned gift

Planned giving is the process of making a charitable gift in a way that provides maximum benefit to the charity and the donor — as well as others who may be involved. Such gifts usually involve major assets and thus require thoughtful consideration.

While making a well-planned gift can be challenging and somewhat time-consuming, it can also be one of life's most satisfying experiences. Here are four steps to help you make a fulfilling planned gift.

Ponder.

Consider what you would like to accomplish with your gift. What is your purpose? Why do you want to make the gift? Explore your motivations and expectations.

Review your assets, especially those that have appreciated in value. What can you afford to give without jeopardizing retirement and emergency needs? Consider your family and other obligations.

Do you need lifetime income from your gift? Do you need tax relief? Do you want to create a legacy through an endowment fund?

Mull all of this over and jot down key thoughts. Good planning begins with unhurried reflection, creative thinking and goal-setting.

Learn.

The second step is to gather

information and advice. Contact the director of planned giving at Saint Meinrad and request literature. Share your ponderings and let the director outline a gift arrangement that helps you meet your objectives.

Once you have acquired an understanding of the gift vehicle and are satisfied that it fits your plans, seek the counsel of a trusted advisor.

When you have the information you need and feel comfortable with a decision to proceed, move to the next step and...

Act.

Following through to actually make a planned gift can be the hardest part of the process, especially when the gift is irrevocable. The thought of giving up a cherished asset can also cause hesitation.

Whatever your situation, the action step will come easier if you have taken the time to ponder carefully your objectives and have acquired sufficient knowledge to know that the gift arrangement is good. The act of giving a well-planned gift can be exhilarating!

Notify.

Once you complete your planned gift, contact Saint Meinrad and let us know. Of course, we are often included in the process and know when the gift occurs. At other

times — such as will bequests — we are not aware a gift has been arranged unless we are told. The reason gift notification is important is that it permits us to respond to you with appropriate recognition. Also, knowing helps us to look ahead in our planning and projections.

Would you like to make a planned gift to Saint Meinrad? We encourage you to ponder the possibilities. Learn all you can from the director of planned giving and your trusted advisors.

Armed with sufficient information and a sense of rightness, make your gift confidently and joyfully. And then, if we don't already know, tell us the good news. Let us honor you for your generosity, foresight and encouragement.

For more information, contact Darren T. Sroufe, PhD, Director of Planned Giving, at dsroufe@saintmeinrad.edu or (800) 682-0988. ♦

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