

The FAITHFUL STEWARD

A Planned Giving Newsletter sponsored by St. Frances of Rome Parish

IN THIS ISSUE:

You will find useful information about tax laws and charitable giving.



As each one has received a gift, use it to serve one another as good stewards of God's varied grace.

1 Pt 4:10

Time to Review Wills and Trusts

Tax changes and the economy may have disrupted your plans

There may never have been a more important time for people to review and revise their estate plans.

Tax Changes

The federal estate tax and generation-skipping tax "officially" expired on New Year's Day – but for only one year. Many believe Congress will move to restore these taxes – possibly retroactive to January 1, 2010. As the law stands now, estate tax and generation-skipping tax would return in 2011, and with exemptions of only \$1 million, compared to \$3.5 million in 2009.

The current state of affairs has created concern and confusion for many people. No one can predict what Congress will do, when they will do it, or if proposals such as restoring transfer taxes retroactively will hold up in court.

The best advice is to touch base with your professional advisers. Some people have will or trust provisions that distribute their assets under "formula" clauses. These "formula" clauses refer to federal estate tax exemptions or rules that now no longer exist. People with such clauses in their plans should see their attorney as soon as possible.

For people who die in 2010, capital gains taxes could become a problem for their heirs and beneficiaries, on capital appreciation over \$1.2 million. Some stopgap planning would be in order for individuals with excess capital gains, "just in case."

Economic Factors

Volatility in the housing and stock markets may have "disinherited" some of your beneficiaries. Suppose you set up an estate plan in mid-2007 that left a house to one child, an IRA to a second child and a life insurance policy to a third – all of about equal value. Today the house is worth 20% less than in 2007, and the IRA is down 25%. Furthermore, the child receiving the IRA would owe income taxes on the entire account. The life insurance policy, however, is unaffected by the economy and will pass income tax free.

It makes sense to review your estate planning documents in the near future, and to make a will if you haven't yet taken this important step. Ask your advisers if plans are needed to minimize state or federal death taxes or income taxes. Consider leaving your beneficiaries percentages of your estate, rather than specific assets whose value may vary over time. And please consider a thoughtful bequest to St. Frances of Rome Parish. Some planning ideas are outlined on the next page.

Please Tell Us about Your Bequest

We often learn of a parishioner who has passed away and provided generously for St. Frances of Rome Parish in their will. When bequests like this come as a surprise, we never have an opportunity to thank the generous parishioner.

Please inform the parish if you have made, or are planning to make, gifts through your estate plans. Why? Primarily so you may be properly thanked. Sharing the good news of your bequest will also help the parish better plan for the future. A short note, e-mail or

...Bequest *(continued)*

telephone call to our office will be much appreciated...and you'll also brighten everyone's day! All communications will be kept completely confidential. Note: If you would like help in planning any bequest, we would be pleased to work with you and your advisers to arrange a gift that is purposeful, practical and personally satisfying. Rich Goode, the Archdiocese's Director of Planned Giving, has 15 years of experience in helping people make gifts of lasting significance to their parish.

Christ Will Give You Life

Do not work for the food that perishes but for the food that endures for eternal life.

John 6:27a

Planning Your Bequests and Helping Advance St. Frances of Rome Parish's Mission

Please consider continuing, through your estate plan, the lifetime support you have provided for St. Frances of Rome Parish.

In general, you can't make a bequest to St. Frances of Rome Parish unless you first have a will. If you do have a will, review it periodically to make sure it still reflects how you wish your estate to be distributed. If not, you may need to amend your will through a codicil or have an entirely new will written. You can add charitable bequests when you make or amend your will. If you don't have a will, we hope you will make an appointment with your attorney to have one prepared very soon.

You'll need appropriate language for any will bequest or beneficiary designation from a trust, life insurance or retirement account. To include St. Frances of Rome Parish in your plan:

"I give to the Catholic Bishop of Chicago, a corporation sole, _____ (a specific amount or percentage of the residue of the estate) for the use and benefit of St. Frances of Rome Parish."

Gift Annuities: Sharing Christ's Gifts with Others

The charitable gift annuity stands out as a way to assist St. Frances of Rome Parish while preserving your financial security. The Archdiocese will pay a fixed income for life, to one or two recipients that you select, from gifts of securities or cash. The rates of return on gift annuities can climb as high as

Bequests Can Save Taxes

Your bequest to St. Frances of Rome Parish entitles your estate to an estate tax charitable deduction for the fair market value of the property. Even those who won't pay "death taxes" can save with proper planning. Consider leaving income-tax-burdened assets, such as U.S. savings bonds, accounts receivable, deferred compensation, IRAs and other retirement plan death benefits. The parish is tax exempt and could put every dollar of such bequests to good use, while another beneficiary might owe substantial income tax.

Creative Bequest Options

A charitable trust or gift annuity can be established under your will to provide lifetime income for friends or family members, with eventual support for St. Frances of Rome Parish when the income ends. Your estate would be entitled to a charitable deduction for the value of the parish's right to receive the property in the future. Don't forget that life insurance policies and most financial accounts and brokerage accounts can be made payable to the parish at death without any need to change your will. Remember, too, that revocable living trusts can name the same organizations to receive benefits during life and at death.

8 or even 9% depending on the age of the income recipients! The Office of Planned Giving at the Archdiocese would be pleased to provide you with a customized illustration of how a gift annuity would work, based on the ages of the income recipients and other information.

Gift Annuities: *(continued)*

Why are charitable gift annuities so popular? People who are looking for alternatives to stock market volatility or low CD and money market rates may find charitable gift annuities especially attractive. Retirees often are interested in having an "income they cannot outlive." Gift annuities offer a safe way to "dip into principal" and improve one's living standards. Note, too, that gift annuities provide tax deductions of 30 to 50% of the amount you transfer, and that part of your payments will be tax free or taxed at low capital gains rates.

Gift annuities are wonderful in retirement, but they also can be used to provide income for an aging friend or relative, or established in a will to assist both family members and your parish.

Deferred payment gift annuities enable baby boomers to rebuild retirement savings that diminished during the stock market decline after 2007. Deferred annuities also produce significant deductions that can be

helpful in a year of high income, including the year you convert to a Roth IRA. Here's an example:

Roseanne plans to convert \$25,000 from her traditional IRA into a Roth IRA. She'll be taxed on that \$25,000 unless she can somehow come up with additional itemized deductions. Roseanne might transfer \$60,000 from her money market account for a deferred payment gift annuity. The gift annuity would begin paying Roseanne 8.6% a year at age 70, but she also receives an immediate income tax deduction of about \$25,000 (assuming she's age 60) that erases her Roth IRA conversion tax. After five years, all withdrawals from her Roth IRA will be tax exempt, and a portion of her future gift annuity payments will be tax free, as well.

If you are interested in the many benefits of arranging a gift annuity, please call Rich Goode at (312) 534-7848, or e-mail rgoode@archchicago.org.

Things to Think About Before Seeing Your Lawyer to do Your Will

As the boy scouts remind us, be prepared (or is that the Marines?). Anyway, it helps to be prepared before you go into a lawyer's office to do your will and/or trust. Here are some suggestions for things that you might do before your appointment. This is by no means a complete list.

Do an inventory

This is a useful exercise for your estate plan and for the overall organization of your finances. First make a list of everything you own. Include account numbers

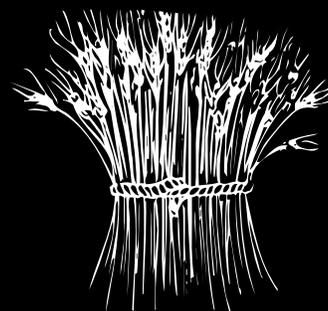
and contact names where appropriate. Break your assets down into categories based on how ownership is held. Do you own this asset in your own name? Is it held jointly? Is it held within a retirement plan or in a trust? Also, make a note if there is a payable-on-death beneficiary on a particular account. Include everything: real estate, retirement accounts, insurance policies, stocks, bonds, mutual funds, etc.

Then make a list of everything that you owe. Again, include addresses, account numbers, phone numbers, etc. This will

INTERESTED?

Are you interested in seeing how a Charitable Gift Annuity with the Archdiocese of Chicago would work for you?

Please call the Office of Planned Giving at 312/655-7848 for a no obligation Charitable Gift Annuity proposal.



MAXIMIZE GIFT GIVING

Learn more about exciting, creative ways to give to the Church, maximizing the tax benefits of giving, and receiving an income for life and more.

Check out our web page at www.paritygift.org



... Before Seeing Your Lawyer to do Your Will *(continued)*

enable you and your attorney to figure out your net estate and (assuming the estate tax returns) your taxable estate.

Consider who you want to receive your property and in what amounts or percentages

For some of us this is simple. For others it is more complicated. Often, we need to leave money to folks who cannot manage the funds themselves. In this case, you might consider a trust. With a trust, money is placed with a trustee (i.e., a trusted person or institution) who has a legally enforceable responsibility to manage those funds for the benefit of the trust's beneficiaries. If a trust is required (e.g., if you are leaving money for the benefit of minor children), you should also consider who you would ask to serve as trustee(s). We recommend you think of 2 trustees – a first and a second choice – in case your first choice is unable to serve at any point.

Don't forget disability planning

This is also a time to consider who you would want to assist you if you are ever

unable to make your own decisions. You will probably want to nominate someone to assist with financial matters as well as someone to assist with your health care decisions. They can be the same person.

Guardians for minor children or disabled adults

If you have minor children or someone else who is vulnerable and depends on you, the most important thing your will allows you to do is nominate guardians for them. Again, come up with two choices – a first choice and a second choice.

A person to "wrap things up"

Who do you want to handle matters at the end of your life? If you have only a will, this would be your executor. With a living trust, it's your successor trustee. Before you go to see your lawyer, choose a person for this important job and a back up choice as well.

A Gift to Charity?

Do your circumstances allow you to include a charity or two as a beneficiary of a percentage of your estate? Gifts from trusts and estates are very important to

St. Frances of Rome. If it makes sense to include the parish in your estate plan, you can be confident that God will touch many lives through your generosity.

These are just a few of the things that you can do to make your visit to a lawyer more productive.

QUESTIONS?

If you have questions about planned giving or estate planning, feel free to contact Rich Goode. Rich is the Director of Planned Giving for the Archdiocese. He is a lawyer and can serve as a free source of information. Rich is available to answer any questions you may have.

You can reach Rich at (312) 534-7848.



Please let us know of your plans.

I am considering a provision in my will for St. Frances of Rome Parish.

I have already provided for St. Frances of Rome Parish in my will/trust.

NAME

ADDRESS

CITY

STATE

ZIP CODE

HOME PHONE

E-MAIL

Please cut this slip out and mail it to:

Richard S. Goode, Director of Planned Giving • Archdiocese of Chicago • 835 N Rush St. • Chicago, IL 60611