Catholic Community Foundation, Inc.

Serving the Archdiocese of Indianapolis since 1987

CREATING A LEGACY. INVESTED IN FAITH.

An estate planning newsletter by the Catholic Community Foundation, Inc.

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RENEWED IN RETIREMENT

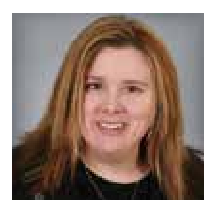
In this quarter's newsletter, we'll be exploring retirement as a new beginning. Whether you are counting down the days to retirement, or if it still is a ways off, there are unique opportunities available to make an impact in your community once you're out of the workforce. Many find extra time to spend with loved ones or volunteer for their parish and favorite organization. Others take extra care to focus on their health and tend to important relationships. And through planning and preparation, many are able to put aside money that can be put to good use. Planned giving is a perfect way to continue to make a difference for the Church and in others' lives. As you continue reading, you will learn more about how easily retirement and planned giving go hand-in-hand, and as always, I invite you to reach out to me at the Catholic Community Foundation (CCF) with any inquires. You can email me at JFeltz@archindy.org or call (800) 382-9836 ext. 1482.

I would also like to take a moment to welcome Elisa Smith as our new CCF director. Elisa brings a life-long passion for helping people create estate plans that include charitable interests, as well as experience as the director of planned giving for the Diocese of Fort Wayne-South Bend for the last eight years. She's a Fort Wayne native and life-long Catholic who believes the Church is just like a family member. We are certainly excited to have her as part of the CCF family. If you see her around, please say hello!

Beginning in June, we will be celebrating the Catholic Community Foundation's 30th anniversary. We've been proud to serve the Archdiocese of Indianapolis for three decades and look forward to doing it for years to come.

God Bless,

Joanna S. Feltz



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IN THIS ISSUE

RETIREMENT ASSETS:
THREE IMPORTANT QUESTIONS TO CONSIDER

This February, the popular, funny and big-hearted Indianapolis Colts Punter, Pat McAfee announced his retirement from the NFL. After 8 seasons with Indianapolis, the 3-time Pro-Bowler has decided to shift gears and take his career in a new direction. At just 29, he was able to walk away from a dream career to pursue other passions.

One of the most exciting things about retirement is the opportunity to develop new interests and be more supportive of the causes you care about – to do so, of course, takes proper planning. Those still looking ahead toward retirement can take steps now to significantly increase the assets they accumulate. Those who have already retired can benefit from planning ideas that make the best use of retirement assets.

We're taking a look at three important questions that affect personal planning. We'll explore simple ways that charitable giving can complement an overall retirement plan, look at required minimum distributions and examine some of the most economical ways to give. To learn more about these or other planning ideas, reach out to the Catholic Community Foundation (CCF) by phone, (317) 236-1482 or (800) 382-9836, ext 1482, or email, JFeltz@archindy.org. Be sure to ask for our free brochure, *Retirement Plan Assets—Leaving More to Your Family and Charity*. As always, we are grateful for your generous support.

ARE YOU FULLY FUNDED?

The most important retirement principle is also the simplest: Whatever you set aside during years of working and saving will become your income in retirement. If you are currently in the working and saving mode, "Retirement Planning 101" calls for fully funding your IRA and/or other employer-sponsored retirement plan by making the maximum allowable contributions.

Tax-favored contributions and tax-deferred earnings make retirement plans the logical first step in saving taxes and accumulating retirement assets. If you are age 50 or older and have not contributed the maximum amount each year to your plan, you can use the "catch-up provisions" to—as the name implies—catch up.

RETIREMENT PLAN	2017 CONTRIBUTION LIMIT	CATCH-UP CONTRIBUTION LIMIT*
401(k), 403(b), and most 457(b) plans	$18,000	$6,000
IRAs	$5,500	$1,000

*Allowed for age 50 and over

Example: Alex, age 60, wants to maximize the amount of money he can set aside for retirement. His 401(k) plan allows him to make the maximum contribution plus the catch-up amount, so his total contribution is $24,000 this year. He plans to use this strategy for the next several years to significantly boost his retirement savings.

SUPPLEMENT YOUR RETIREMENT INCOME WITH A SMART PLANNING IDEA

In spite of the enormous value represented in qualified retirement plan assets, professionals can still struggle to accumulate resources significant enough to finance a 25- or 30-year retirement using these plans alone. Charitable gift annuities are a popular way to fill the gap left after qualified retirement plan contributions are maximized.

A charitable gift annuity is an agreement between you and the Catholic Community Foundation (CCF) —in exchange for your gift of cash or other property, we agree to pay you a specified annuity amount. The annuity you receive provides a fixed payment rate identified when the gift annuity is put in place.

Annuity payments are based on the age of the person (or persons—two maximum) who will receive the annuity, the amount of the gift, when payments will begin, and the rates in effect when the gift annuity is established.

- When payments begin, they continue for the lifetime of the beneficiary or beneficiaries.
- Older beneficiaries receive higher payment rates.
- A deferred gift annuity results in a higher payment rate than an annuity whose payments begin immediately.
- A gift annuity is part gift and part annuity, meaning you are eligible for an income tax deduction for the gift portion of contributed assets (usually cash or stock).
- Until the annuitant reaches life expectancy, part of each annuity payment is considered a tax-free return of principal, meaning tax is only due on a portion of the payment.

Example: Joni, age 60, is a faithful supporter of the Church and a partner in a law firm. She wants to set aside more than she can contribute to her 401(k). Joni gives $50,000 to CCF to establish a deferred gift annuity that will supplement her retirement income. Payments will begin in 10 years. At that time, she will begin receiving annual payments of $3,350 (a payout rate of 6.7%). Furthermore, $1,193 of each yearly payment will be tax-free until Joni reaches her life expectancy (age 85). Her gift qualifies for a charitable deduction of $17,521.*

WHAT IF THE CHOICE IS NOT YOURS?

When you are an IRA owner, something significant happens when you reach age 70½. This is the age you MUST begin taking annual distributions from your IRA in an amount based on your age and the total in your account. These distributions are subject to tax. Even if you don't want them or need them, at age 70½, you don't have a choice.

For philanthropically minded IRA owners, Congress has provided a unique opportunity to make a gift to Catholic Community Foundation (CCF) directly from your IRA. This qualified charitable distribution, or "IRA charitable rollover," was made permanent by 2015 legislation. There are three distinct benefits to these gifts:

- You pay no income tax on the distribution (subject to a $100,000 limit).
- You can count it toward your RMD. So, if your RMD is $25,000 and you make a qualified charitable distribution of $30,000 directly from your IRA to us, you have satisfied your RMD for 2017.
- You can make this gift annually — a unique and tax-wise way to meet your philanthropic goals.

A gift from your IRA must be transferred directly from your IRA to the CCF. Contact both your financial advisor to arrange your gift and us as well. We will verify that your gift is received and provide all of the appropriate documentation for your records.

Note: Defined contribution plans—401(k) plans, 403(b) plans, employee stock ownership plans and profit-sharing plans—are also subject to RMD requirements, but they are not eligible for the qualified charitable distribution option.

IS THERE A BEST WAY TO GIVE?

There is no "one size fits all" estate plan, but there are basic principles that deserve consideration. One of these principles has to do with income in respect of a decedent (IRD)—income a person earned but did not receive before death. In its simplest terms, the principle holds that because of the taxation on these assets, heirs benefit more from receiving non-IRD assets.

A distribution from a tax-deferred retirement account is subject to federal income tax during life and at death. These distributions are taxed when they are received (by you or your heirs) because untaxed earnings were deposited into the account and earnings were not taxed while they accumulated. The government recovers these tax advantages when funds leave the account.

When heirs receive a distribution from your tax-deferred retirement account, it is considered income in respect of a decedent and it is subject to income tax. Consequently, if you want to make a gift to the Catholic Community Foundation (CCF) and provide for loved ones through your estate plan, it makes sense to leave retirement assets to us (since we don't pay tax on them) and designate other assets to heirs (assets that are subject to favorable tax treatment).

Example: Lynn wants to support us with a gift of $100,000 and leave the rest of her estate to her son, William. Lynn considers whether to designate us as the beneficiary of one of her IRAs or leave us a gift of appreciated stock to fulfill her charitable goal.

There is a distinct advantage to making her gift by naming CCF as the IRA beneficiary and leaving the stock to her son. When we receive IRA funds, the full amount supports our work since we are a qualifying charitable organization. By contrast, if William receives the IRA funds, all distributions are subject to income tax. It would be better for William to receive stock—not only is no income tax due on the transfer, but the stock receives a step up in basis,

*EXAMPLE FOR ILLUSTRATIVE PURPOSES, BASED ON AN AFR OF 1.6%.

which shields from income tax the appreciation Lynn enjoyed. When William sells the stock, he pays tax only on the amount the stock appreciates after inheritance.

THE NEXT STEP

Please feel free to contact us for additional information about tax-wise gift planning and supplemental retirement income strategies. We will be happy to answer your questions and send you our free brochure, Retirement Plan Assets—Leaving More to Your Family and Charity. We welcome the opportunity to help you realize your long-term planning and philanthropic goals.

The Catholic Community Foundation is devoted to helping you meet your charitable giving goals and guiding you to a personalized plan that will help you leave a legacy of faith behind. We're here to educate, inform and advise on planned giving. To learn more, please visit: archindy.org/ccf or contact us by phone at 317-236-1427 or (800) 382-9836 ext. 1427. †

INVESTING WITH FAITH

We're excited to share our monthly reflections on planned giving through our new monthly *Criterion column: Investing with Faith*. Joanna S. Feltz, J.D., our Director of Planned Giving, provides perspective on ways readers can give back to the Church through planned giving.

CATHOLIC COMMUNITY FOUNDATION, INC.

Serving the Archdiocese of Indianapolis since 1987

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We hope this newsletter issue has again provided insight into practical ways to meet your philanthropic goals. Please take a moment to complete the form below or contact us by phone or email.

1-800-382-9836 ext. 1482
JFeltz@archindy.org

Name

Address

City/State/Zip

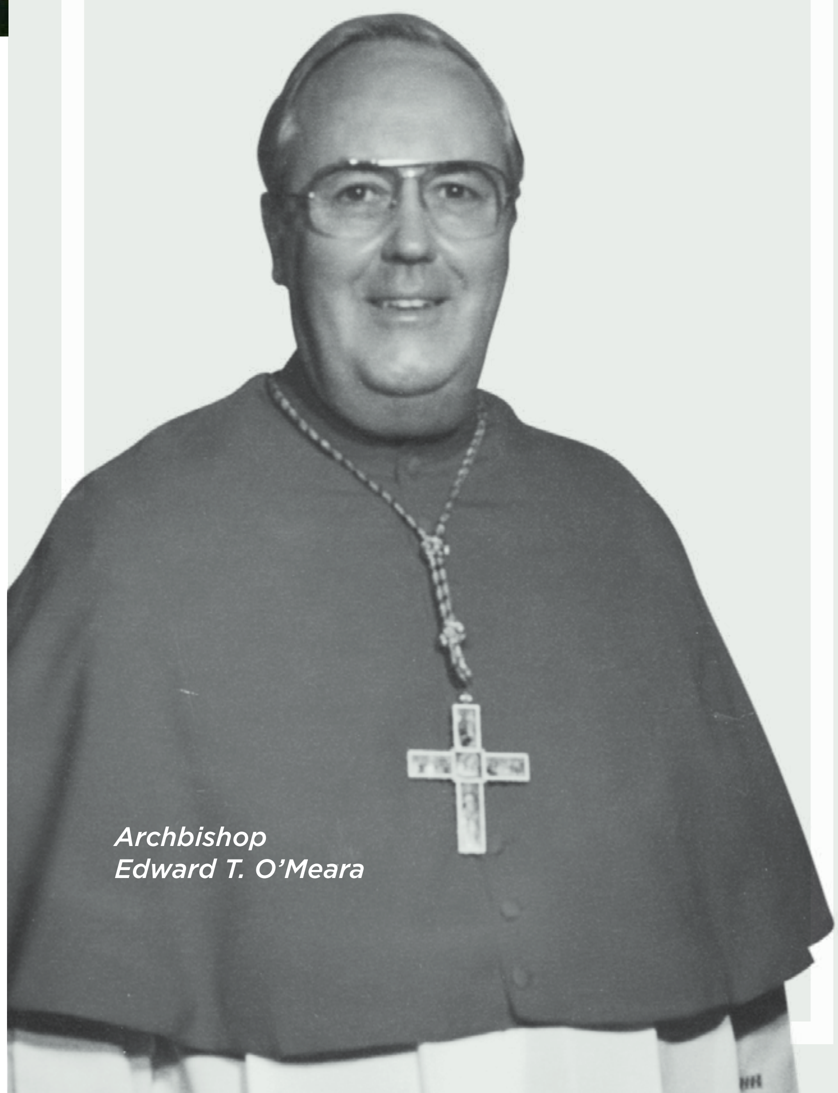
Phone

Email

- ☐ I am interested in making a gift from my IRA – please contact me.
- ☐ Please send information about making a gift of appreciated stock.
- ☐ Tell me more about charitable gift annuities – the gift option that provides lifetime income.
- ☐ I am interested in learning more about gifts through my will and remembering Catholic parishes, schools and ministries important to me.

CCF IS 30

Founded in 1987 by **Archbishop Edward T. O'Meara**, we're celebrating 30 years of service to the Archdiocese of Indianapolis! We're humbled by the opportunity to have served our Catholic community for so long and look forward to helping you continue to make a difference in others' lives for years to come.



Archbishop Edward T. O'Meara

Place
Stamp
Here

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The Catholic Community Foundation serves the Archdiocese of Indianapolis

LEAVING MORE TO FAMILY AND TO CHARITY

More people participate in tax-favored retirement plans than ever before. While participants are committed to accumulating and growing these assets, few have planned for the harsh tax consequences associated with retirement plan distributions—a tax of nearly 40% at the top rates. Since retirement is the beginning of a new chapter in your life, we want to help you fulfill both your personal financial and charitable giving goals. Obviously, saving for retirement is essential, but with the right plan, you can ensure you are able to leave something for your family and to the Church.

Call or email us at your earliest convenience to request more information on how the Catholic Community Foundation can help you plan for a charitable retirement. Be sure to request a copy of our FREE brochure, Retirement Plan Assets—Leaving More to Your Family and Charity. This brochure will give simple answers to these common questions:

Aren't retirement plans meant to provide a secure retirement? Is giving these assets away a good idea?

What does it mean to integrate charitable gifts of retirement plan assets with financial and estate planning?

What kinds of retirement plan assets are used to make a charitable gift?

How are retirement plan assets donated?

Can retirement assets be transferred directly from a retirement account to charity?

Can Social Security benefits be used to make charitable gifts?

What steps are involved in making a gift of retirement plan assets?