



# Becoming Wise Stewards

A Presentation for Parishioners of  
Saint Raphael's

Glasgow, Montana  
September 6 & 7, 2012

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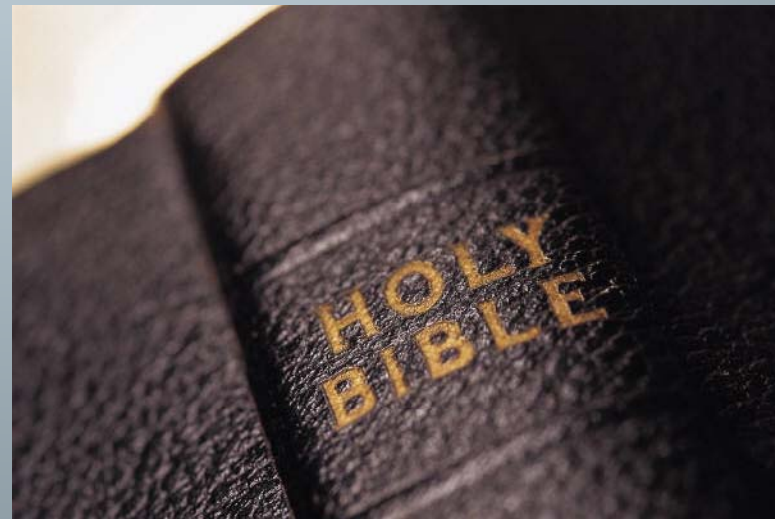


# Presentation Goals

- Ignite your thinking about stewardship – what it means to you, what you want to accomplish during your lifetime and after
- Define and understand what is meant by: Estate Planning, Planned Giving, Foundation and Endowment (some of the most confusing words out there!)
- Become familiar with some excellent ways to make a gift that can offer you increased tax and income benefits
- Learn about the Montana Endowment Tax Credit – an amazing incentive for Montanans to give to support permanent endowments
- Learn about the Catholic Foundation of Eastern Montana and the assistance available to you from the diocesan Office of Stewardship and Development



# *Stewardship*



UNLESS THE LORD BUILDS THE  
HOUSE, THOSE WHO BUILD IT  
LABOR IN VAIN.



*Psalm 127*

# *Estate Planning*

The actions you take which focus on the disposition of all your worldly goods, now and after you are gone.



You have spent many years acquiring assets/wealth.

*Consider estate planning to:*

- **Provide for sufficient assets for spouse and family**
- **Provide for children and grandchildren**
- **Create a way to maintain control or allow for flexibility**
- **Demonstrate family values and philanthropic goals that are important to you**
- **Fulfill your stewardship desires**

# Intergenerational Wealth Transfer

*In 1998, researchers at the Boston College Social Welfare Research Institute published a study projecting the intergenerational transfer of wealth expected to occur between 1998 and 2052. That study estimated the transfer will range from a low of \$41 trillion to a high of \$136 trillion!*

# Here's what you can do with all that you have for the rest of your life:

1. Spend it down!
2. Pay it in taxes (Involuntary Philanthropy)
3. Leave it to your kids and grandkids  
(Voluntary Philanthropy)
4. Give back to the Lord in gratitude for His many blessings (Voluntary Philanthropy)



## QUESTION:

If there were a way to make a gift to your parish or the diocese largely out of federal estate tax dollars, or federal or state income tax dollars, would you be interested in exploring options to accomplish that goal?

*If you answered yes, then guess what?  
You are interested in “Planned Giving!”*

# Types of Planned Gifts

## Deferred Gifts:

- Bequest (will)
- Beneficiary Designations
  - Life Insurance (beneficiary or partial beneficiary or owner)
  - Retirement Assets

# Bequests (Gifts through your will)

- A percentage of the total estate
- A specific dollar amount
- A percentage or all of the residue
- A specific class of property
- A specific asset
- A contingent bequest (in the event my wife does not survive me, I give the property set aside for my wife to the church)

# Beneficiary Designations

- ✓ Life Insurance Policy
- ✓ Retirement Plan (IRAs, 401(K)s, other pension funds)

# Types of Planned Gifts

Gifts that provide you  
income:

- ✓ Charitable Gift Annuities
- ✓ Charitable Remainder  
Trusts

# Charitable Gift Annuity

- Immediate Payout
- Guaranteed, fixed and reliable income stream for the rest of your life (won't go up, won't go down)
- Increased rate of return well over current money market, CD and savings accounts – a good time to make this gift
- Part gift, so the income is partially tax-free
- Generates a healthy Federal income tax deduction and a State income tax deduction (or tax credit)
- Simple to execute – no legal costs involved

# Deferred Payment Gift Annuity

All the benefits of an immediate-payout Charitable Gift Annuity (tax deductions/credit, partially tax-free income) but you choose the date, in the future, that you would like your payments to begin.

**Excellent rates!**

# Charitable Remainder Trusts

- Unitrust
  - A trust which generates income for you for life and for others (if desired) for up to 20 years. The payment you receive is based on a percentage of the trust assets, valued on an annual basis.
- Annuity trust
  - Same as a Unitrust except the amount of your annual payment is permanently fixed at the time the trust is created



## Types of Planned Gifts

- Charitable Lead Trust
- Life Estate
- Bargain Sale

## Charitable Lead Trust

- Trust whereby you transfer assets/funds to trust which, in turn, pays the charity for a certain period of time.
- The assets of the trust return to the donor or beneficiary

## Charitable Life Estate

You deed your home, farm, cabin, vacation home to the Church and retain the right to occupy or benefit from the property for the rest of your life.

## Bargain Sale

You have property that you partly sell and partly give to the Church. This creates a tax-deduction, as well as income for you. You can unload the property!

*An important  
Lifetime Giving Principle:*

The BEST asset you can give  
to the Church during your  
lifetime is appreciated  
property.

# What is Endowment?

- Endowment is a restriction you, the donor place on how the Church is to use your gift.
- A pool of money that is invested to provide an ongoing, “forever” revenue stream for your parish or the diocese. May be for the greatest needs or for a specific ministry.
- Money set aside in which the principal is invested for total return (both income and appreciation) and a portion of the fund’s balance (usually 4-6%) is paid out, generally on an annual basis
- The principal (corpus) is preserved, but the earnings are used to support your parish or diocese forever!

# Value of Endowment to Donors

- Perpetuates **your values**
- Perpetuates your annual gift, allows you to see your gift multiplied
- Satisfaction of knowing your gift will be helping now and forever
- May provide a long-lasting tribute, if you desire
- You may add to in the future, and so may others

# Montana Endowment Tax Credit

- Established in 1997, has renewed every six years
- Substantial tax credit for individuals and business entities
- Dollar for dollar reduction in Montana income tax obligation – MUCH better than a deduction



# Montana Endowment Tax Credit (continued)

- Sunsets in 2013
- Hoping to have extended by 2013 legislature
- 40% tax credit for individuals making irrevocable planned gifts to permanent endowment funds of qualified Montana charities
- 20% tax credit for outright gifts by business entities
- Maximum credit, per year, of \$10,000 per taxpayer



Putting Scripture  
Into Action

**Catholic Foundation  
of Eastern Montana**

# The Catholic Foundation of Eastern Montana

- Established in 1999
- Established to receive gifts to benefit the Catholic Church of Eastern Montana that could also qualify for the Montana Endowment Tax Credit
- Separate non-profit corporation from Diocese of Great Falls-Billings
- Governed by a 7-member Board of Trustees, including the Bishop, the Vicar-General, the Diocesan Finance Officer, and four volunteer members from our diocese
- Foundation Board meets quarterly
- Foundation assets now total more than \$5 million

# Benefits of giving through the Catholic Foundation of Eastern Montana

- Infrastructure in place – corporation, bylaws
  - Management
  - Board sophistication and participation
  - Responsible staff
  - Knowledge of planned giving
  - Ability to offer planned gifts
  - Written policies - investment, allocation, gift acceptance, etc.

**But, best of all...**

**Our parishes receive so much for FREE!**

- + Management
- + Investing
- + Financial Services: Accounting, Auditing, Reporting
- + Gift processing and acknowledgement
- + Database management
- + Stewardship
- + Planned Giving Expertise
- + Planned Gift Administration
- + Transparency and Accountability



## Goals for Tonight – Did we?

- Ignite your thinking about stewardship?
- Help you understand what is meant by: Estate Planning, Planned Giving, Foundation and Endowment ?
- Become familiar with ways to make a gift that can offer you increased tax and income benefits?
- Learn about the Montana Endowment Tax Credit?
- Learn about the Catholic Foundation of Eastern Montana?

*Thank you for attending!*

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# Tomorrow...

What ideas are you going to begin implementing?



God bless you for your stewardship efforts  
on His behalf!